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JUL 11 1918

BEFORE THE NATIONAL WAR LABOR BOARD.

IN RE MEDIATION PROCEEDINGS BETWEEN
DIVISION 268 OF THE AMALGAMATED ASSOCIATION OF
STREET AND ELECTRIC RAILWAY EMPLOYES
OF AMERICA
AND
THE CLEVELAND RAILWAY COMPANY.



STATEMENT OF THE CLEVELAND RAILWAY COMPANY.
JUNE, 1918,

SQUIRE, SANDERS & DEMPSEY,
GENERAL COUNSEL.

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STATEMENT OF THE CLEVELAND RAILWAY
COMPANY.

June, 1918.

The Cleveland Railway Company was organized in 1893 under the name of The Cleveland Electric Railway Company, by the statutory consolidation of a number of electric railway companies. In 1903 it acquired by purchase the property and franchises of The Cleveland City Railway Company, and thereby became the sole owner of all the traction properties in Cleveland and in several adjoining municipalities. The properties in Cleveland were operated under franchises from the city, limited both as to duration and rates of fare.

For several years prior to 1908, a controversy was waged between the city and the company with reference to the renewal of its franchises. This controversy became famous as a fight for and against three-cent fare.

15-Jy-18 H. J. Davies y
In April, 1908, the company was granted a renewal of its franchises for a period of twenty-five years, the rate of fare being fixed at six tickets for twenty-five cents, and, as part of the arrangement, the company was required to lease all of its properties to a company organized and known as The Municipal Traction Company, which was a private corporation organized by city officials. Under this arrangement, into which The Cleveland Railway Company was forced by the expiration of its franchises, and to prevent further confiscation, the company agreed to and did reduce its capital stock 45%, and to accept interest on the remaining 55% at the rate of six per cent per annum and no more, the company realizing that in this action it was forced to submit to confiscation of

its property to the extent of approximately five millions of dollars.

The Municipal Traction Company took possession of the property under this lease, and operated it until the following October, when the franchise referred to was defeated by a vote of the people. The Municipal Traction Company in the meantime became insolvent, and receivers were appointed by the Hon. Robert W. Tayler in the United States District Court for the Northern District of Ohio for the entire properties of The Cleveland Railway Company then in the hands of its lessee, The Municipal Traction Company, which, as before stated, had been organized by city officials.

While the property was within the control of the court, and after efforts between the city and the company to settle had failed, and it had been demonstrated that the slogan of three-cent-fare was a myth, that you cannot render continuously for any great length of time for three cents more service than three cents will pay for, and people had come to realize that street-railroading was to some extent like other business enterprises wherein an amount must be paid at least equal to the cost of service, Judge Tayler announced a plan of settlement, which was adopted, and ever since has been known as the "Tayler Plan."

This Tayler Plan, it may be remarked in passing, is in some respects more dangerous than the Johnson three-cent-fare plan. It is more specious. It will take longer for the public to realize that the greatest good and the best service cannot come to the public through its operation. We now hear of its adoption being talked of by other cities and communities, and we wish to give this word of warning,—that, while it has many attractive features, so attractive that it was accepted in good faith by The Cleveland Railway Company, which committed itself to operate, and is now trying to operate, under it in the best of faith, it is doing so notwithstanding that many of its people believe that fundamentally it is fallacious.

Every commercial enterprise, to be successful, must offer a reward,—a reward of merit for efficient, economical management. It must be a reward that attracts the best talent, a reward that stimulates and produces initiative, a reward that leads able men to devote their lives to the enterprise. After all, the men are few who have the genius to make great development. These few men are born leaders. They must be encouraged, and must be permitted to point out the way. Some men and some organizations will make great successes, while others in the same field will make great failures. The successes must be promoted, the failures prevented if possible. But above all must be integrity; and deliberate bad faith must be avoided.

In order to obtain the money necessary to extend and better the property, the investment must be protected and reward promised sufficient to attract, under all conditions, sufficient capital with which to make additions and betterments at the times when they will be most beneficial to the public, and at the same time conserve the property. In a growing community many extensions must be made which do not pay; but they provide for the future and anticipate the growth of the communities.

The Cleveland Railway Company not only affords street railroad facilities to the city of Cleveland, but as well to some six or seven other municipalities having the same corporate rights as has the city of Cleveland, and these various municipalities feel that they have exactly the same right to control the street railway within their respective limits as has the city of Cleveland within its corporate limits. Among the advocates of municipal ownership—and we have had a great many of them in Cleveland—no one of them has carried municipal ownership to its logical conclusion. Rather, they have wanted municipal speculation; that is, to have the City of Cleveland not only own and control the street railway within its own boundaries, but the street railway within the six or seven other municipalities that is just as much and just as essentially a part of the system as that portion within the city of Cleveland. These other municipalities naturally feel that they are entitled to absolutely the same rights of management within their municipal borders as is the City of Cleveland within its municipal limits, so that it takes only a moment's thought to demonstrate that municipal ownership of simply the property within the borders of a municipality is something not to be desired by any one. Control of all railways, steam and electric, by proper authorities and proper supervision, is desirable, but the control that takes away initiative, that removes the promise of reward for good service and for keeping the property up to the highest point of efficiency, is fundamentally in violation of economic laws, in that legislatures and municipalities cannot, in the end, control absolutely without serious injury to the public.

Right here may not be out of place a few words upon the question of "service at cost," to which The Cleveland Railway Company is committed. There is no such thing as absolute service at cost. It must be approximate. The company today, after trying for eight years, with the earnest co-operation and assistance of the city, to earn expenses, taxes and interest at a rate of fare of three cents per passenger, or three cents plus a cent for a transfer, postponing, at the request of the city, the writing off of the value of obsolete property, instead of providing for obsolescence and depreciation from current earnings at a higher fare, has sustained an actual diminution

in capital value of nearly ten per cent—which, of course, must be made good from future earnings—and is still running behind, although the maximum rate is now in effect. Of the thirty-four lines of railway operated by the company less than half are paying, as shown by tables in its last monthly report, a copy of which tables is hereto attached, marked “Exhibit No. 6” and “Exhibit No. 7,” fewer than half are paying, and these are carrying the other half or more; so that riders in one part of the community accommodated by the street railway company are paying more than cost, for the benefit of the riders upon the more than seventeen lines which are constantly losing. Some of the poor lines have been built in response to an absolute demand, under the city’s direction and compulsion, when the city, had it looked into the subject at all, would have known that such lines would not pay for years to come. This not to criticise their building, because undoubtedly the lines were needed, but to emphasize the proposition that cost of service can be at best only approximate, but must absolutely protect the capital which has been invested and which must continue to be invested. The least deviation from this unalterable principle drives away capital and prevents the company from afterwards procuring it except upon paying a higher rate than it should pay if its good faith were absolutely established and recognized.

The Tayler Plan, otherwise known as the “Service-for-Cost Plan,” was incorporated in an ordinance enacted by the council of the city of Cleveland on the 18th day of December, 1909.* This ordinance was accepted by the company and ratified by the people, and the company resumed possession of its property on the first day of March, 1910, since which time it has operated its entire system in accordance with the provisions of said ordinance and certain amendments thereto which it is not now important to consider. Prior to the adoption of the ordinance, Judge Tayler, after a long hearing, fixed the valuation of the company’s property at approximately \$23,000,000, and the company was permitted to issue securities in that amount. This valuation, in the judgment of many of the large interests in the company, caused a loss of from three to five millions of dollars from what they knew they should have been allowed. The basic principle of the Tayler Plan is expressed in the preamble, as follows:

“Whereas, it is agreed that a complete readjustment of the street railroad situation should be made, upon terms that will secure to the owners of the property invested in street railroads *security as to their property*, and a fair and fixed rate of return thereon, at the same time securing to the public the largest powers of regula-

*A copy was introduced in evidence at the hearing in Chicago and marked “Exhibit No. 4.” Another copy is attached to this statement.

tion in the interest of public service, and the best street railroad transportation at cost, consistent with the security of the property, and the certainty of a fixed return thereon, and no more."

This ordinance must be studied in order to be comprehended, but section 16 thereof, after defining how the capital value is arrived at, and providing for the payment of interest upon the outstanding bonds and also upon the floating indebtedness of the company, makes the following provision:

"The company may issue and sell its capital stock or mortgage bonds, said stock being sold for not less than par, and said bonds on a basis which will not be in excess of six (6) per cent on par and will include in such rate provision for amortising the discount, if such bonds are sold at a discount, or increase its floating indebtedness, in such amounts as shall be necessary to capitalize the debt enumerated in said paragraph (b), or to provide for such extensions, betterments or permanent improvements as it is by this ordinance provided may be added to the capital value upon which interest is to be paid; and the par value of the stocks or bonds sold or debt created for such purpose shall become part of the capital value; and if bonds are sold at a premium, such premium shall be used for extensions, betterments or permanent improvements, or for paying any then existing indebtedness of the company.

After meeting the payments heretofore provided for by this section, there shall be paid, from the remainder of said interest fund, to the stockholders, from the taking effect of this ordinance, quarterly, a sum equal to six (6) per cent per annum, payable quarterly, upon the residue of capital value and additions thereto, as provided by paragraph (c) hereof."

The purpose of the ordinance is again clearly stated in section 47, as follows:

"The purpose of this ordinance is to establish and settle the relations between the city of Cleveland and The Cleveland Railway Company by a contract which will secure to The Cleveland Railway Company, unimpaired, the capital value described in section 16 hereof, and the rates of return thereon provided in said section, and which will also secure to the city of Cleveland adequate and efficient service at the cost thereof, not exceeding the maximum rate of fare specified in section 22."

The effect of the ordinance, therefore, was to require the company to provide adequate service at cost, which cost should include interest on the bonded indebtedness of the company and a rate of interest to the stockholders of six per cent per

annum and no more; to accomplish which a schedule of fares was established, as set forth in section 22, to-wit:

"The maximum rate of fare for a single continuous ride within the present limits of the city of Cleveland, in one direction, over any route of said company, shall be four (4) cents cash fare, seven tickets for twenty-five cents, one cent (1c) transfer, no rebate; and, including said maximum rate, the following schedule or scale of fares is hereby established." (See ordinance, section 22, for complete schedule.)

Apropos of this ordinance, Judge Tayler made an address upon the subject of the street railway settlement on February 26, 1910, a copy of which address, marked "Exhibit No. 8," is attached hereto for reference. The following is a quotation from that address:

"There is a large duty, than which none is higher, on the managers of this street railroad property during the next few years. They must not content themselves with the one thought that they have a vested right, in perpetuity, to operate this property. They must rise to a conception of the fact that they owe a duty to the public, distinguished from the mere duty of operating the property. They are pledged to do justice to the community; and I do not question their purpose to do so. But it will not be harmful, since I am covering the various elements of the community in respect to the duty that they owe at this juncture, to make reference to them. If those in the immediate management of the property do not wisely or fairly or justly manage it, having regard to the public—because *their interests are absolutely protected in the property*, and there ought to be no part of this community more earnestly, or personally selfdenyingly, submitting their case to the arbitrament of the public than those who are in the management of it, because *they are under no financial risk in doing it*—if the management will not do it, then the public spirit and public honesty of the board of directors ought to see that it is done that way; and if they won't do it, then the five or six thousand shareholders in this community ought to see that a board of directors is elected that will do it; because not one of them, from manager down to the humblest stockholder, has, in truth or in fact, any real or different interest in the solution of the problem and the working out of the plan than the poorest rider on the cars, who has no other interest in it than to pay his money and take his ride."

The management of the street railroad property and those in control for the past eight years have cooperated with the city to the limit, and even beyond it; so that they are now

facing an actual (temporary, it is to be hoped) depletion of their property to the extent of more than ten per cent.

Adverting again to "service at cost" not being a correct principle fundamentally, the Commission is undoubtedly familiar with what is being done in the express company combine. We do not know the details at all, but the principle, as stated in a news item,* is such that it allows dividends on stock at the rate of five per cent, and makes a division with the government of any additional earnings; so that there is a stimulus on the part of the management towards initiative and efficiency in the development of the property so as to increase earnings. In some cities the stock of street railroad companies has been permitted, after payment of an agreed percentage, to share in increased earnings, the city receiving a part of such increase and the stockholders retaining another part. Without at all attempting to determine what will be the final evolution and what goal we must all work towards, it would seem, speaking from principle, that some regulation along the line of sharing with those who furnish the management, the initiative and the capital, increased earnings and increased development, is much nearer the attainment of correct fundamentals than the "service-at-cost" idea, which certainly is impossible of attainment, and is wrong in principle.

Another thing that "service at cost" does not take into account at all is the treatment of employees after long years of service, when it is proper and reasonable to retire them. No allowance is made to The Cleveland Railway Company for anything of that kind. Those connected with its management have always felt that some provision should be made, by which, after men reach a certain age or become disabled, some pension might be given them or other humane provision made for them. Nothing of that kind can be done under the Tayler ordinance or under any plan that is simply "service at cost."

Under the ordinance, no improvements have been or can be made without the express approval of the city. During the life of the grant thus far, the company has added to its capitalization, for the purpose of taking up its bonds and for improvements and extensions, about \$14,000,000, all of which added capital has been supplied either at the request of the city or with its express approval. The capital value of the company is now \$34,000,000, approximately, every dollar of which represents actual investment and is entitled to be protected.

Section 9 provides:

"The city reserves to itself the entire control of the service, including the right to fix schedules and routes,

*See Exhibit No. 9.

including routes and terminals of interurban cars, the character of the cars, the right to increase or diminish service, provided only that the council shall not require service to an extent which, at the maximum rate of fare, will not produce, to be credited to the interest fund, money enough to make good any loss therein, and to meet the requirements of sections 16 and 18 hereof”

Section 10 of the ordinance provides for the appointment of a representative of the city to be known as the “City Street Railroad Commissioner,” whose duty, generally speaking, is to represent the city in seeing that the road is operated by the company in accordance with the terms of its franchise. The initial rate of fare was fixed at three cents cash fare, plus one cent for a transfer, without rebate. The company is now operating at the maximum rate permitted by the ordinance; that is, four cents cash or seven tickets for twenty-five cents, and one cent for transfer.

On the first day of January, 1918, the company had sustained a net loss, as the result of eight years’ operation, of \$2,612,552.72, and, to that extent, its capital has become impaired. It has yielded to this impairment in an endeavor to act in the spirit in which Judge Tayler requested the street railway officials to carry out the terms of the ordinance, and in reliance upon the faith of the city in permitting, as it must, the impairment to be made good by increasing the rate of fare, without curtailing the service which the city wishes. The company has been, and is, reluctant to resort to depriving the seventeen non-paying lines of sufficient service to accommodate the public. It hopes not to be driven to any such necessity.

In addition to this deficit, the company has no reserve fund for renewals or replacements. Any good business enterprise, economically managed, must be permitted to establish a reserve fund.

On the first of January, 1918, there was pending against the company litigation involving claims in excess of five million dollars, as the result of personal injuries, etc., and the company has no reserve or surplus of any kind whatever to protect it against such claims. Under any fair treatment, it should be permitted to have some reserve or contingent fund with which to meet great calamities. Within the period of eight years mentioned more than one accident has happened that has called for the immediate payment of many thousands of dollars, but no fund is available for such purpose.

The following table shows the wages of the trainmen from March 1, 1910, to May 1, 1918. And bear in mind that during this period wages have always been adjusted by agreement between representatives of the company and the men.

Previous to March 1, 1910, 22 cents per hour in the first

year, 24 cents per hour in the second year, 25 cents per hour thereafter.

From March 1, 1910, to June 15, 1910, 23 cents per hour in the first year, 25 cents per hour in second year, 26 cents per hour thereafter.

From June 15, 1910, to May 1, 1915, 27 cents per hour in first year, 30 cents per hour thereafter.

From May 1, 1915, to May 1, 1916, 29 cents per hour in first year, 32 cents per hour thereafter.

From May 1, 1916, to May 1, 1917, 31 cents per hour in first year, and 34 cents per hour thereafter.

From May 1, 1917, to May 1, 1918, 32 cents per hour in first year, 35 cents per hour thereafter.

The wage agreement between the union and the company expired on May 1, 1918. On the next day the union and the company agreed that *you* should arbitrate and determine, among other things, the wages to be paid to the men. The demands of the union are set forth in the agreement of submission, of which the following is a copy:

"WHEREAS, the members of Division No. 268 of the Amalgamated Association of Street and Electric Railway Employees of America, employees of The Cleveland Railway Company, have made the following demands on The Cleveland Railway Company:

1. (a) The work for motormen and conductors in all week days shall conform to as near ten hours as possible, to be completed as follows:

Forty per cent to be completed in eleven consecutive hours and to include all the highest paid and best runs. Forty per cent to be completed in twelve consecutive hours. Twenty per cent to be completed in thirteen consecutive hours.

- (b) On Sundays and holidays runs shall all be straight runs with no more than eight hours' time.
 - (c) Night car runs shall all be straight runs with no more than eight hours' time and with ten hours' pay.
 - (d) All runs carrying mail shall be so designated upon the schedule.
2. On and after the first of May, 1918, all motormen and conductors in the employ of the company are to be paid by the hour on the following basis: For the first year of service and thereafter, sixty cents per hour.

AND WHEREAS, The Cleveland Railway Company has refused to grant the said demands and a dispute has consequently arisen between the parties;

NOW, THEREFORE, it is agreed by and between Division No. 268 of the Amalgamated Association of Street and Electric Railway Employes of America and The Cleveland Railway Company that the above disputed matters shall be submitted to the National War Labor Board for a decision, such decision to be in force from May 1st, 1918, to May 1st, 1919, and to be valid and binding upon both parties hereunto.

WITNESS our hands and seals this second day of May, 1918.

THE CLEVELAND RAILWAY
COMPANY,

Witness:	(Signed)	John J. Stanley, President.
A. L. Faulkner,		H. J. Davies, Secretary.
Com'r of Con-	DIV. NO. 268, A. A. OF S. & E. R. E. OF A.	
ciliation, U. S.	(Signed)	Fred Telschow, President.
Dept. of Labor.		F. Schultz, Business Agent.
		W. M. Rea, Secretary.

You will note that the employes are now demanding an advance from 32 cents per hour in the first year of their service and 35 cents per hour thereafter to 60 cents an hour for all conductors and motormen, no matter how short their service. From every standpoint it is impossible for the company to grant any such advance. It is not right, and the company is utterly unable to pay it.

You will observe that since the company resumed possession of its property, in March, 1910, it has made five advances. All were made by agreement with the men or their representatives, although one was after an arbitration. The first was when the company took possession, the company feeling at that time that, under the operation by the receivers and by the Municipal Traction Company, the men had not been getting enough. The next agreement, made in June, 1910, after arbitration, lasted for practically three years, and was an increase, broadly speaking, of from four to five cents per hour. The next advance was after the European war had broken out, and was fixed by agreement for the year from May, 1915, to May, 1916, being practically an advance of two cents per hour. Another similar advance of substantially two cents was made by agreement, which was operative from May 1, 1916, to May 1, 1917. In 1917, again by agreement, an increase of one cent per hour was made. So that in the eight years last past the company has at all times agreed with its men as to wages. The result has been that during the past year the wages paid constitute an advance of more than 40% over the wages paid at the time the company took possession of the lines. The company is conceding now that wages should

be increased when it has the ability to pay; but it can find no excuse for the men demanding an advance of 71% at this time. If their demand were for 10% or thereabouts, we would concede that just as soon as we had the ability to pay we should pay it; in which event we would request, and we do now request, this honorable body to say to the city of Cleveland that we must be permitted to increase our rate of fare. So long as the city has absolute control of the service and has the auditing of the company's accounts, and so long as the company can add nothing to its capital stock except with the consent and approval of the city, there is no reason why the franchise should contain or provide for a maximum rate of fare. We cannot increase the rate of fare to an extent that will pay us more than 6% upon the actual capital invested, as provided by the original ordinance and by amendments since that time.

The city is protected in two ways: It can always buy our stock at \$110 per share; and it can require us, if necessary for its protection, if money can be obtained more cheaply at any time, to transfer our property to such other person as may be named by the city; and it is obvious that if the company is to obtain money sufficient to make such improvements and extensions as the city may from time to time feel are needed, the stock must always be maintained at a sufficient market price above par to ensure the immediate investment of capital by people having money to sell, for the company must buy its money precisely as it buys its material,—not as it buys its labor, for labor stands on a different plane. In some respects it is more dependent upon the street railway company, in others less dependent, because a laborer may at any time change his employment. At the present time there is a great demand for labor, and abnormal wages are being paid in some factories for munition workers and by some contractors who are taking government contracts at cost plus, thereby paying little attention to what cost is so that the labor is performed. In this situation many of this company's old and faithful employes are being taken away, and the company must be given the ability to pay what you shall say is a fair wage for the service required of its employes.

The company said in your hearing, and now concedes, that the men are entitled to an increase in the wage scale because of the sudden and unexpected increase in the cost of living brought about by conditions beyond the control of either party; but the company does not and cannot concede that the men are entitled to the increase demanded. Motormen and conductors are not skilled employes, in the sense in which the term "skilled" is commonly used, for only a few days' training is essential to enable one to perform the duties of motorman or conductor. The work is not difficult,—is, in fact, much easier than almost any other unskilled employment. The

United States Department of Labor made an exhaustive study of street railway employment in the United States, including Cleveland, and the results of its investigation were reported in April, 1917, in the Bulletin of the United States Bureau of Labor Statistics, from which we quote (page 13) :

"The occupation (of conductor) is semi-clerical in some respects, and one of responsibility rather than of skill. In the modern cars the work is comparatively easy, as fares are collected as passengers enter the car. But conductors are required in most cities to remain standing for long periods without opportunity to rest."

This is not true in Cleveland, as seats have been provided for all conductors.

"The work (of motormen) is easily learned, and should be classed as responsible rather than a skilled occupation, although experience increases efficiency, especially in avoiding accidents. Employes usually reach the average of efficiency within two years. In most cities motormen are allowed to be seated when outside congested districts."

This rule obtains in Cleveland.

The work is attractive, and this is shown by the well-known fact that many men follow it all their lives. It offers an opportunity to work, if the employe so desires, three hundred and sixty-five days of the year. And it is not affected by weather conditions, as are the building and many other trades.

The report to which we have just referred shows that The Cleveland Railway Company's wage scale has been considerably higher than the average. (See page 18.)

What the present average wage of 34 cents per hour amounts to in gross and per car-mile is shown in Exhibit No. 19, hereto attached. The same exhibit shows the extent to which increases of from one cent to 26 cents per hour, raising the wages to from 35 to 60 cents per hour, would increase the expenses of the company in gross amount and per car-mile.

WORKING CONDITIONS.

The Company has already voluntarily met all the changes in working conditions which it conceives to be possible under the present situation. The basic objection to the demand for changes in working conditions is the fact that it would require several hundred more men to perform the same service which is now being rendered by the Company's employes, and it is now difficult to find enough men to properly operate the road. We respectfully submit that if this Board is to follow the principles and policies which it has laid down for its guidance, no change should be made in working conditions.

"The maximum production of all war industries should be maintained, and the methods of work and operation on the part of employers or workers which operate to delay or to limit production, or which have a tendency to artificially increase the cost thereof, should be discouraged.

"In fixing wages, hours, and conditions of labor, regard should always be had to the labor standards, wage scales and other conditions prevailing in the localities affected."

It must be remembered that the business of operating a street railroad is peculiar, because of the public demand that cars be operated throughout the entire twenty-four hours of each day, and the further public demand that at least one-half of the entire twenty-four hours' business shall be transacted within a period of six hours, which are not continuous, and during which all of the equipment and men must be employed.

Exhibit No. 1 shows the number of cars necessary to give the service required by the city on a typical line of The Cleveland Railway Company, and the present arrangement of runs to operate those cars.

Exhibit No. 2 shows the same line, with the runs rearranged as proposed in the demands of the union.

Comparison of the two exhibits shows the enormous increase in the number of short runs, and, consequently, in the number of additional men that would be required to operate under the proposed schedule.

We again wish to call the attention of the Board to that portion of the Company's franchise which provides:

"The city reserves to itself the entire control of the service, including the right to fix schedules and routes."

Exhibit No. 3 shows statistically what Exhibits 1 and 2 show graphically.

The total number of men now working eight hours is 1951. Under the proposed scale the number of men working eight hours would be 1385; that is, 566 men who are now working eight hours would have to be satisfied, under the proposed arrangement, with something less than eight hours. The table further shows that the total number of men now working less than eight hours is 423, which number, under the proposed schedule, would be increased to 1844; that is to say, 1421 additional men would be required to work less than eight hours. The number of men now operating three typical lines is 350. The proposed arrangement would require 476 men to do the same amount of work. For the entire system 2374 men are required to operate the present schedule. Under the new arrangement 855 additional men would be required,—an increase of 36%—in order to operate precisely the same number of car-miles. Under the present arrange-

ment, the company has now a five-hour minimum; that is, a man is paid for at least five hours if he works at all. At present the company is required to pay each year for 179,819 hours for which it has received no service. The proposed arrangement of runs would increase what we are pleased to call "dead" time to 462,134 hours per annum, for which the company would be required to pay the full wage without receiving any service. At the present wages this would require an expenditure of \$161,746. If the maximum demand as to wages were granted, it would cost the company \$277,280 per annum for this one item of "dead" time alone.

Details for the foregoing conclusions are shown on the sheets following Exhibit No. 3, and a part of that Exhibit.

Surely a demand for a change in working conditions that would require the company at this time to employ 855 additional men, and to pay for an increase of 157% of "dead" time is not in line with the principles laid down by the Board.

The Wage Scale Commission, to which Director-General McAdoo referred the question of wages and hours of service of railroad employes, in its recommendations with respect to hours of service, says:

"Manifestly, therefore, at this time, when men must be constantly taken from the railroads, as from all other industries, to fill the growing needs of the Nation's army, hours of labor cannot be shortened and thereby a greater number of men be required for railroad work. The Nation cannot, in good faith, call upon the farmers and the miners to work as never before and press themselves to unusual tasks, and at the same time so shorten the hours of railroad men as to call from farm and mine additional and unskilled men to run the railroads. While the Commission is strongly disposed to a standard day, in so far as the nature of the service will permit it, its firm judgment consequently is that the existing hours of service in effect on the railroads should be maintained for the period of the war." (Preamble General Order No. 27.)

We again remind the Board that the entire difficulty with reference to hours of service is created by a situation beyond the control of either the company or the men. If the volume of traffic were uniform throughout the twenty-four hours, there would be no difficulty in allowing a man to complete his day's work in eight straight hours. It has been our observation that human ingenuity has been exhausted in an endeavor to improve schedules. The company has always invited the men to suggest improvements in the schedules, and has adopted any that was at all practicable. We respectfully submit that the exhibits show that any further changes are utterly impracticable at this time.

FINANCIAL CONDITION OF THE COMPANY.

The financial condition of the company will not permit any increase in the scale of wages. We have already shown the plan of operation under the Tayler franchise, the fundamental principle of which is service at cost, including the interest payment of 6% per annum to the stockholders on the amount of capital actually invested. (See ordinance, Exhibit No. 4.) By the provisions of this ordinance the company is required to operate its railway until the first day of May, 1934, and it is further required to make such extensions, betterments and permanent improvements as are reasonably required by the growth of the city. The company has not created, nor is it entitled to create, any surplus under the provisions of the ordinance. By its terms it is limited to a maximum rate of fare of four cents cash, seven tickets for twenty-five cents, and one cent for transfer. The result of operations for the year ending February 28th, 1918, was a net deficit of \$920,438.69. The company is now operating at the maximum rate of fare, and the testimony of the auditor shows the deficit on the present scale of wages for the year ending February 28th, 1919, will amount to \$925,734.00. (See Exhibit 5.)

It is therefore apparent that if an increase in wages is made, it will have to be paid out of the capital of the company unless the fare is increased,—a thing which the company cannot control. The company is required to operate its railway. It is also required, by the terms of the ordinance, to maintain its capital intact. It cannot do both unless the city consents to an increase in the rate of fare; and any increase in the scale of wages should be conditioned on a proper increase in the rate of fare.

It has been suggested that the financial condition of the company, or its financial ability to respond to an increase in wages, is irrelevant. We frankly admit that we were very much startled when this proposition was first advanced. On reflection, we can see clearly that if the employer was a private corporation, engaged in a private business, its financial condition would be irrelevant, because it has the power to fix the price of its product, and it could either include in the price of its product the reasonable cost of production, or, if it preferred, it could retire from business without subjecting itself to penalty. Neither of these alternatives is open to this company. It must operate its railway system at a price fixed by public authorities. Since the contract embodied in the Tayler ordinance was entered into, the company has sold to the public about \$14,000,000 of stock. All this has been paid for at par or more, the purchasers relying upon the statement in the ordinance that it was "a contract which would secure to The Cleveland Railway Company unimpaired the capital value described in section 16 hereof," etc.

We suppose this Board should be governed by the ordinary principles of equity which govern courts. One of these principles is that a court will not order a thing done which is either inequitable or impossible of performance. The Cleveland Railway Company cannot possibly pay additional wages, maintain its capital unimpaired, and pay the interest to the stockholders which the ordinance requires, unless the city increases the rate of fare. Under the ordinance, it is just as much the duty of the Company to pay to the stockholders their 6% interest as it is to pay any other indebtedness of the company.

Ever since Judge Tayler's speech in February, 1910 (Exhibit No. 8), just before the ordinance took effect, relying upon the fundamental principles that he stated, every share of stock of the approximately \$14,000,000 sold to the public has been bought with the express understanding that the investment should not be in any wise impaired; in other words, that a stockholder, be he either a large or a small holder, is entitled to have his investment protected in such a way that, if he desires to change the investment, the Cleveland market (which is practically the only market for this stock) would readily absorb it at par. The company cannot sell its stock for less than par. The company can pay only 6% upon its stock, and it has thus far not sought to increase that rate of interest. Whether, if the war continues for any great length of time, money can be secured with which to make the necessary improvements and extensions that must sooner or later be demanded by the community, at an interest rate of 6%, remains to be seen. If we come to the time when we must pay more than 6% for money, then we shall have to pay the going rate to every stockholder, to protect his investment. Some one says at once that we might have two kinds of stock,—pay the old stockholder 6% and get permission of the city to sell new stock at the going rate, say seven or eight per cent. This is a specious and fallacious argument, because the minute you should offer a new stock at seven or eight per cent you would distinguish between the two stocks, and, were money worth seven or eight per cent, the old stockholder, who, by the terms of the ordinance, has been assured of the integrity of his investment, and who has been assured as well by everybody who has handled the stock and by the city itself which has urged its sale that the investment would be unquestionably safe, would find, on putting his stock on the market, that it would bring only from 60 to 75 cents on the dollar,—that the integrity of his investment had been impaired. This consideration leads us to say, and we wish it understood, that the company may have to apply to the city for an increased rate to be paid for new money required, and also upon the old

money, in order to maintain the integrity of the investment, to which the faith of everybody concerned is committed.

As before stated, the ordinance fully protects the city under all contingencies, because, should the rate of interest fall, the city has two remedies,—the right to purchase at 110 and the right to compel the company to assign its franchise to another person that will furnish the money at a lower rate. The company has no protection except the pledged faith of the city, and it certainly cannot buy money for its uses without paying what money is worth and what it commands.

It will be noted that this entire ordinance is built upon the theory and guaranty of paying interest on invested capital at the rate of six per cent per annum, as stated in the sections hereinbefore referred to. It provides simply for the payment of interest upon money borrowed and upon the invested capital, and it is this interest rate that must be protected. The word "dividend" is used once or twice in the ordinance in an ambiguous way, but a dividend, in the ordinary sense of the term, is paid out of surplus earnings, and dividends, as such, are entirely abrogated by the ordinance, in its preamble, by its phraseology, and by Judge Tayler's declaration. The invested capital is to be protected and *interest* paid upon it, and this whether it is earned or not. So that the directors of The Cleveland Railway Company, since the ordinance in question went into effect, have never been declaring dividends. They have simply been paying interest as commanded by the terms of the ordinance. They were advised that "dividends" would always have to be paid out of earnings, and that any payment of dividends other than out of earnings would subject the directors to liability, whereas this franchise ordinance provides for a sort of teeterboard in arriving at cost of service. It was expected that sometimes earnings would be above and sometimes below an amount sufficient to pay this interest; if above a point more than enough to pay the interest, the fare was to be lowered; if less than sufficient to meet the interest, the fare was to be put up; making, as it is plain to see, a regular swinging of the pendulum. Therefore, in this instance, the terms "interest" and "dividend" are by no means synonymous. Fare adjustments are provided for in the ordinance so as to get service at cost, which cost was to include interest as one of its component parts. This distinction between interest and dividends should be borne in mind. Of course, a dividend is what the statute contemplates shall be declared and paid by directors out of profits, but Judge Tayler's idea was to get clear away from the theory of dividends and provide instead a stable rate of interest that, in his judgment at that time, was sufficient to induce the investment of money necessary to properly carry on the street railway enterprise.

The delay of the city in responding to the necessity of

an increased rate of fare in order to maintain the integrity of invested money, and to enable the company to pay its 6% without diminishing service, is alarming to the whole community. We call special attention to Exhibits 10, 11 and 12 attached hereto: First, to the letter of Mr. J. R. Nutt, President of The Citizens Savings and Trust Company; next to the letter of Mr. F. H. Goff, President of The Cleveland Trust Company; and next to the letter of Mr. J. A. House, President of The Guardian Savings and Trust Company. These trust companies, in their capacity as trustees, are perhaps the largest holders of stock of the railway company. They have been interested in placing trust funds in the stock, relying upon the faith of the community, and hope to continue to do so, because they are in a position to realize the necessities of this city and its suburbs as a growing community.

Attention is also called to an interview with Judge Hadden (Exhibit No. 13), who, as probate judge in this county for many years, honored and respected by every one, has advised trustees to invest in street railway stock. In other words, the entire community having knowledge of financial matters has endeavored to help to carry out the spirit in which Judge Tayler acted in the drafting of the Tayler ordinance.

We want to challenge the serious attention of the Board for a moment to the tendency prevailing in latter years towards the destruction of property by commissions and boards. The right to property is one of the most sacred rights of any free people, and if a state is to command respect for long, its pledged faith as respects property rights must be rigidly kept. We have noted in late years the rapid multiplication of commissions and boards, and it is being realized today that great investments and properties have been ruined by adverse legislation, and by hostile action on the part of such commissions and boards. But nothing is sadder than the condition our country finds itself in at the present time by the maltreatment of its railroads owing to such adverse legislation and hostile action, and we find ourselves so handicapped that the government is having to take hold for the purpose of securing efficiency. In doing so many statutes are being violated and rulings of commissions ignored. The thoughtful and observing person notices an almost equally ruthless treatment of other properties.

Years ago, among the very first of states to create commissions, was Massachusetts, and we were all impressed with the ability with which the Commissioners were doing their work. We seized upon it as a new idea. We believed, and still believe, that the men upon the commission were conscientious; but it would be hard to find any greater injustice than has been perpetrated in Massachusetts under the guise of the Massachusetts Commission. Many of our local commis-

sions, if not some of our federal commissions, were organized along the line of the Massachusetts commission, but we wish to call attention to one example that is so alarming that it demands the thoughtful consideration of everyone. Attached hereto as Exhibit No. 14 is a copy of a letter written April 8th to the Treasurer of The Cleveland Railway Company, Mr. H. J. Davies, by Mr. H. L. Wilson, Treasurer of the Boston Elevated Railway Company. Upon reading that letter it will be noted that the Boston Elevated, by order of the commission, sold \$3,300,000 of its stock, and that the public paid \$155 a share for it. They next put out \$6,650,000, and the public was required to pay \$110 per share. The next issue was for \$4,000,000, for which the public paid \$105 a share. Some of this last-mentioned stock was not sold. The total outstanding stock of the company was \$23,879,400. The premium realized on the stock sold amounted in the aggregate to \$2,707,428.13; and yet, under the statutes of Massachusetts and the rulings of the commission, the company has only been permitted to make earnings to such an extent that a few months ago, as Mr. Wilson states in his letter, the stock was selling at \$27 a share. In other words, the people who at one time had been required to pay \$155 per share, could realize, if they wished to turn their investment into money, but \$27 a share. To speak plainly, it would be hard to find a greater injustice done to a stockholder or to any person through the action of legislature and commission. It is our desire to challenge at the outset thoughtful consideration of underlying economic principles that neither legislature nor commission can continue to violate with impunity.

We have heard suggestions of a zone system being a panacea, and the city is talking to us about the application of a zone system. The company is ready at all times to make experimental trials in the working out of any reasonable plan that promises success, but at the same time we must ask of the city permission to increase the rate of fare in order to maintain the integrity of investments made and to be made. Just as soon as the interest fund increases beyond a certain amount, and just as soon as it is demonstrated that the rate of fare is more than sufficient to render proper service, the rate of fare must come down; and although, as we have said, we do not approve, as a fundamental economic proposition, the contract between the company and the city to render service at cost and no more, such cost to include interest upon capital, the situation in Cleveland is such that every energy of the company and of its officials is exerted to make it a success.

The objections to the zone system are many. You cannot absolutely lose sight of the fact of what the traffic will bear. Neither in any American city do we want to lose sight of the principle, which we believe is a part of American civiliza-

tion, that all employes shall be encouraged to own their own homes; that all of our citizens, so far as possible, shall be encouraged to own their own homes; that crowded and unhealthy tenements shall not be fostered; that, in order to further and improve sanitary conditions, people must have cheap fares and frequent service. Undoubtedly some benefit can come through readjusting the peak, and your Board may be able to help in this. The company is willing to lend its assistance to the utmost. The city of Cleveland can do something with reference to it. We think it very likely that some kind of a zone system must be worked out, but it must be a plan that will take into consideration all elements, and not simply the element of service at cost. It must regard the health of the people; it must have reference to what the traffic will bear; it must look to the development of the community; it must provide for the building of many new lines which may, for the time at least, be experimental and unprofitable; it must have in view the proper maintenance of the property. The development of any community is seriously handicapped unless all of these things are taken into account.

Attached hereto is a letter from the Mayor of the city of Cleveland to the city council (Exhibit No. 15), together with the reply made by Mr. Stanley on behalf of the company (Exhibit No. 16), to which reply we invite the careful consideration of the Board. We also call attention to the action of the Chamber of Commerce (Exhibit No. 17) bearing upon an increase of the rate of fare. We ask the closest investigation, by any expert the Board may select, into actual conditions here, with the assurance that we want to do everything possible that will give to our employes a fair living wage. We believe this company has always stood well when compared with others in its relations with employes. It is our aim to treat them fairly and justly, and they and the public must be fair and just with us. While we know that this Board has no power to increase the rate of fare, we do believe that, after careful investigation, a recommendation or suggestion to the city that, in order to permit us to keep faith and the city to keep its faith, the rate of fare should be increased to properly meet all costs and render reasonable service will have great, if not preponderating, weight in bringing about the result which is so much desired and which good faith requires.

At your suggestion, we have collected data bearing upon wages paid and increases made in other lines of employment. Such as we have been able to gather are contained in Exhibit No. 18, attached to and made a part of this statement. The figures showing the wages in 1910 in other occupations than street-railroading were obtained by us from the testimony of Mr. Harry D. Thomas, Secretary of the Cleveland Federation of Labor, in our wage arbitration of June, 1910; the figures

for 1918 are those fixed June 1st of this year by agreement between the employers and employes in the building trades in Cleveland after a strike that lasted several months. The table shows that the railway company, between March 1, 1910, when it resumed the operation of its railroad after the receivership, and May 1, 1917, when its last wage agreement with its motormen and conductors was made, advanced wages 41%, while the average increase in the other occupations, *including the advances of June 1, 1918*, has been 60%. An advance of 60% to our trainmen over the average wage of 24 cents per hour that they were receiving in 1910 before the company resumed possession of its property would bring the average wage now to 38.4 cents. The same advance over the average wage paid June 1, 1910 (25 cents per hour), would give them now 40 cents. The other part of Exhibit No. 18 shows the wages of steam-railroad employes fixed by the Director-General of the United States Railroad Administration by General Order No. 27—a business more nearly like the street-railway business than any of the others shown in Exhibit No. 18-a. The figures are taken from page 13 of General Order No. 27, which was published May 25, 1918, and they indicate that if the same increase in wages were allowed our men as are allowed in that order to the steam-railroad men, conductors and motormen who, on the 31st of December, 1915, received 29 cents per hour would be raised to 41 cents per hour, and those who then received 32 cents per hour, the maximum then paid, would be advanced to $45\frac{1}{4}$ cents per hour. We believe that the testimony indicates that a smaller advance should be made to our trainmen than has been made to the steam-railroad men, for reasons that we have stated.

There is a vast mass of printed data, untabulated and undigested, on the subject of increases in the cost of living. You are undoubtedly better informed on the subject than we are, and can more readily place your hands upon authoritative government statistics. We venture, however, to include in this statement, as Exhibit No. 20, a table from Bradstreet's of June 15, 1918, showing "Bradstreet's Weekly Food Index" for each week of this year and each corresponding week of 1917. It is made up, we understand, by adding together the market prices per pound of thirty-one articles of food and dividing the sum of the thirty-one prices by the number of articles, the average so obtained being the index number or price. The table indicates an average advance in food prices of less than 20% over last year. Our trainmen ask an advance in wages of 71% over last year's wages. It indicates also a gradual decrease in average prices since the beginning of 1918.

We submit these exhibits with the assurance that anything else we can do or furnish to aid the commission in

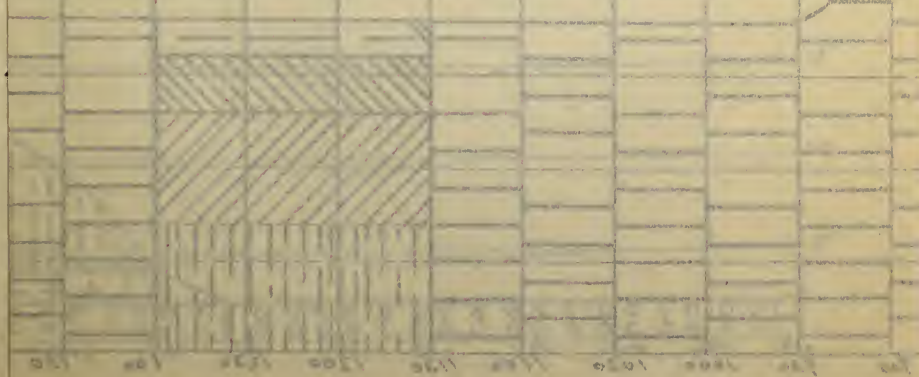
arriving at a just result will be done or furnished. We wish to do everything we can to try out to its most logical conclusion the giving of service at cost, but primarily we must keep intact the undertakings already incurred, and not have new ones imposed upon us until the fulfillment of our old ones shall have been assured. We do not believe the people of Cleveland are today getting the service they ought to have, but we must be content to give such as it is possible to render in the conditions obtaining. We would be very reluctant to be driven to the necessity, either through arbitration or otherwise, of cutting the service further.

In conclusion, we urge that, in view of the provisions of our unique franchise, under which the higher the cost of service the higher the rate of fare that must be paid by the hundreds of thousands of car-riders of Cleveland and vicinity, in view of the financial condition of the company, in view of the advances in wages already granted to our trainmen and of the nature of their employment, in view of the recommendation of the government's Wage Scale Commission "that the existing hours of service in effect on the railroads should be maintained for the period of the war," in view of the advances shown in rates of wages in other employments and in the cost of living, and in view especially of the principles and policies announced by you, changes in working conditions that will necessitate the employment by us of 36% more men to do the work we are now doing imperfectly, without any increase in earnings or decrease in the amount of our operating expenses, but, on the contrary, with an increase of more than \$100,000 in expenses apart entirely from any increase in wages, should not be permitted, and the demand of the union that wages be advanced from the present rates of 32 and 35 cents per hour to a flat rate of 60 cents per hour should be refused and the Company's offer of a flat rate of 40 cents per hour from November 1, 1917, to May 1, 1919, approved; and that, in conformity with the action of the government in the case of the steam railroads, if you allow any increase, your award be conditioned upon, or recommend, an increase in the rate of fare sufficient to enable us to comply with the award.

Respectfully submitted,

THE CLEVELAND RAILWAY COMPANY,
By Squire, Sanders & Dempsey, Its General Counsel.

South Brook
 Number of
 in 15 min
 Classification
 Experiment



arriving at a just result will be done or furnished. We wish to do everything we can to try out to its most logical conclusion the giving of service at cost, but primarily we must keep intact the undertakings already incurred, and not have new ones imposed upon us until the fulfillment of our old ones shall have been assured. We do not believe the people of Cleveland are today getting the service they ought to have, but we must be content to give such as it is possible to render in the conditions obtaining. We would be very reluctant to be driven to the necessity, either through arbitration or otherwise, of cutting the service further.

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Respectfully submitted,








THE CLEVELAND RAILWAY COMPANY,
By Squire, Sanders & Dempsey, Its General Counsel.

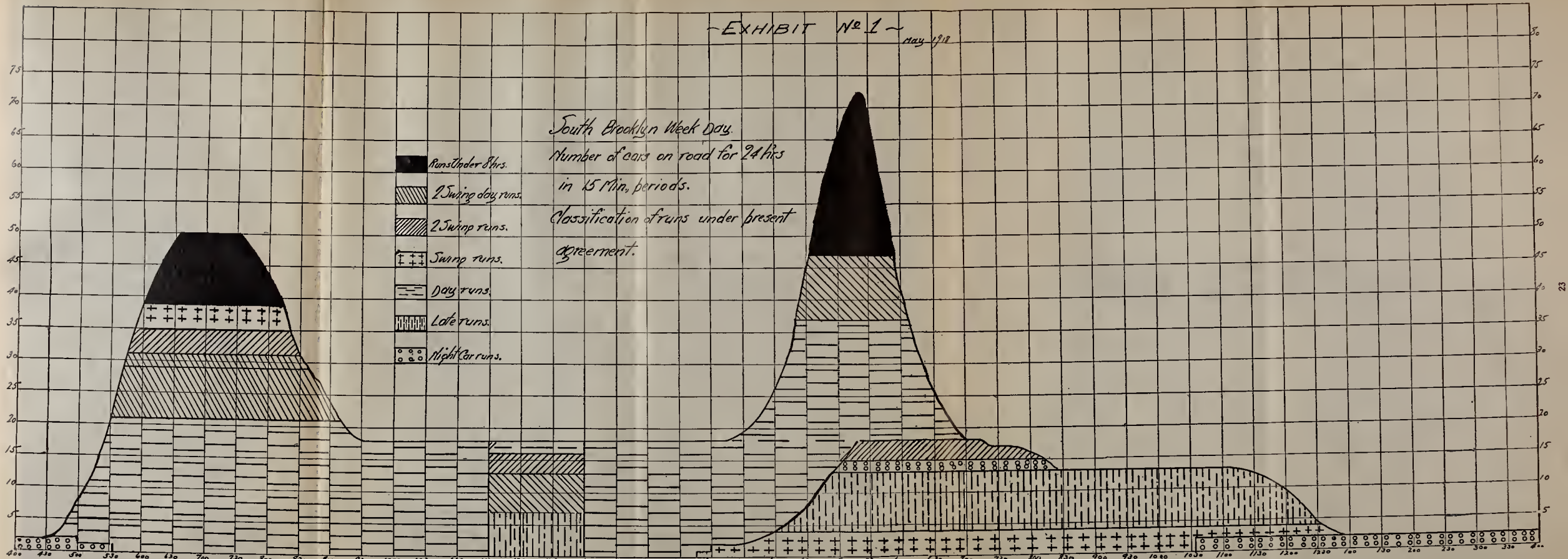
EXHIBIT No 1 - May 1912

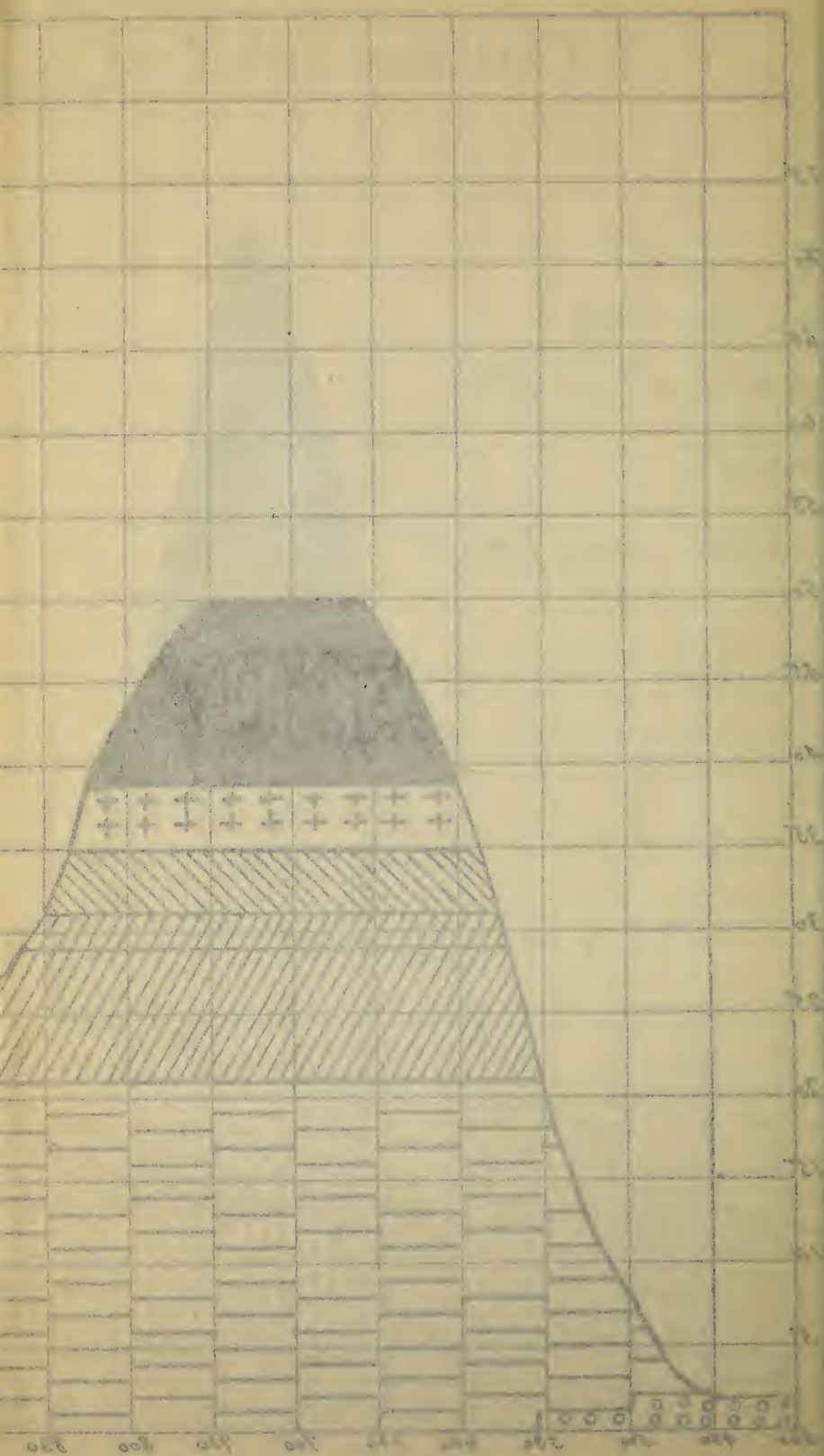
South Brooklyn Week Day.

Number of cars on road for 24 hrs
in 15 Min. periods.

Classification of runs under present
agreement.

-  Runs under 8 hrs.
-  2 Swing day runs.
-  2 Swing runs.
-  Swing runs.
-  Day runs.
-  Late runs.
-  Night Car runs.





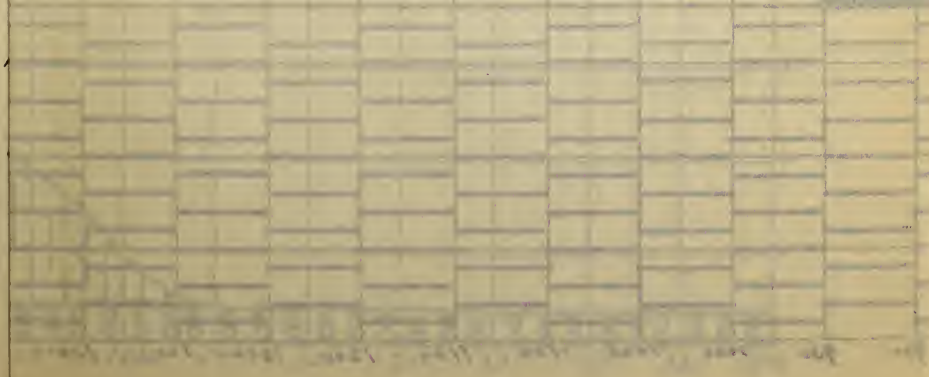
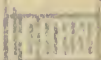
South Branch
 Number of trees on road to
 Classification of trees under

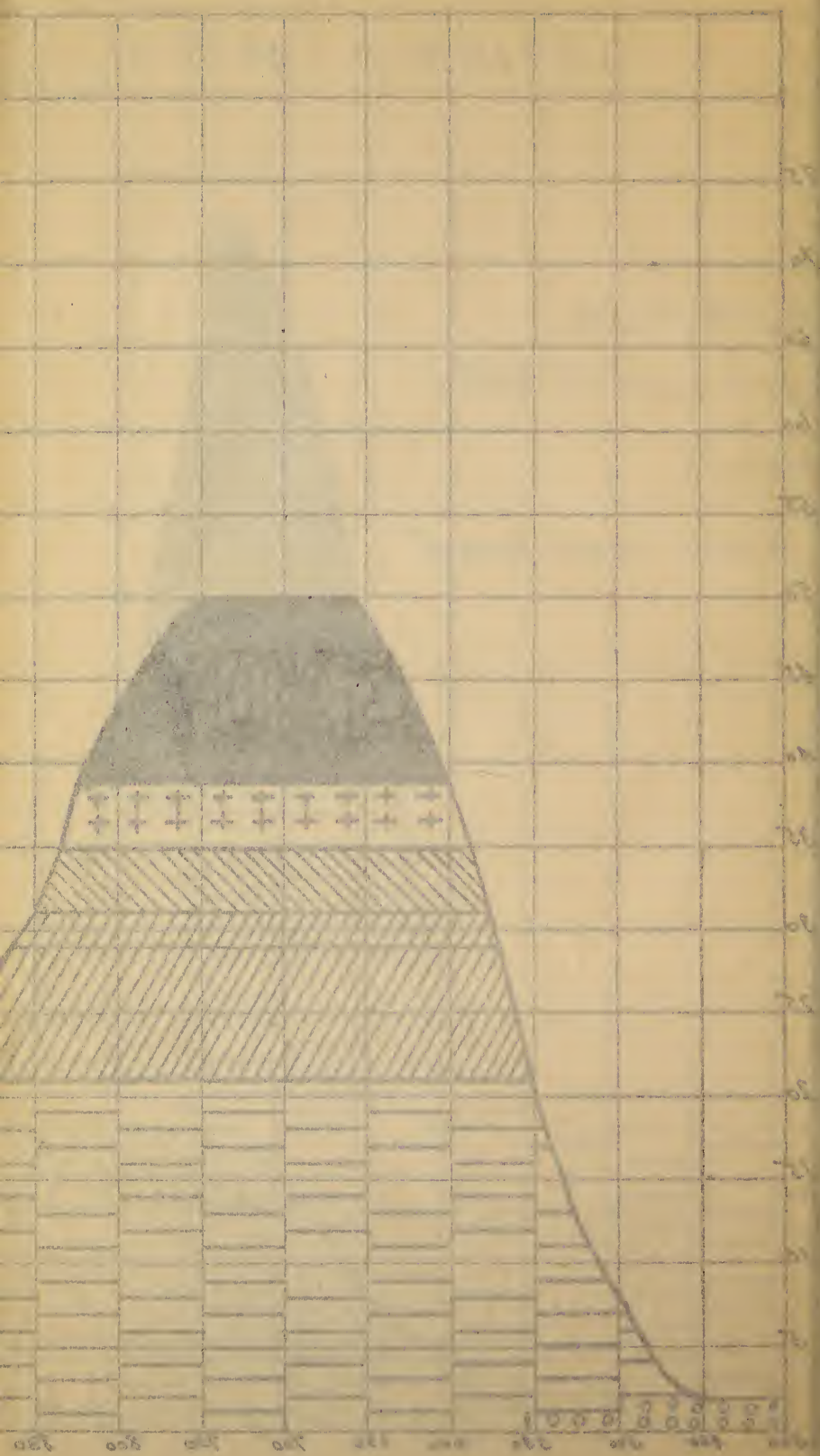
Trees under this

Not trees

Trees like trees

Right for trees

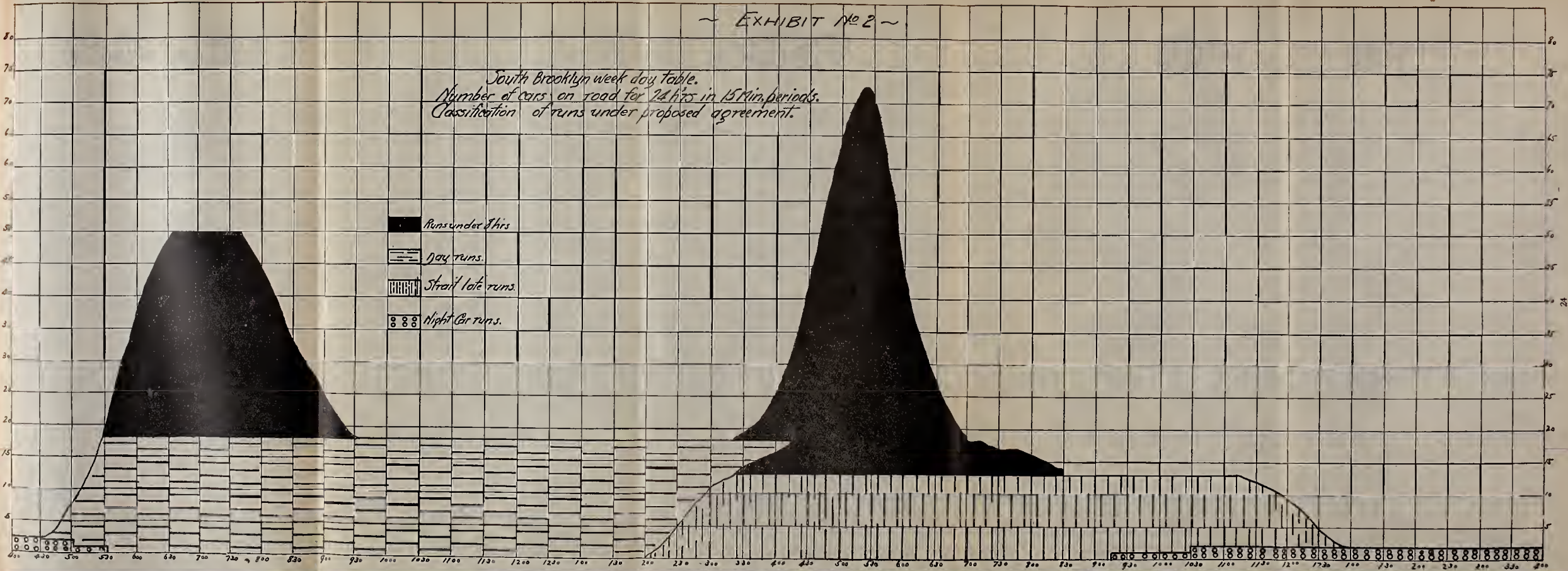




~ EXHIBIT No 2 ~

South Brooklyn week day table.
 Number of cars on road for 24 hrs in 15 min periods.
 Classification of runs under proposed agreement.

Runs under 1 hrs
 Day runs.
 Street late runs.
 Night car runs.



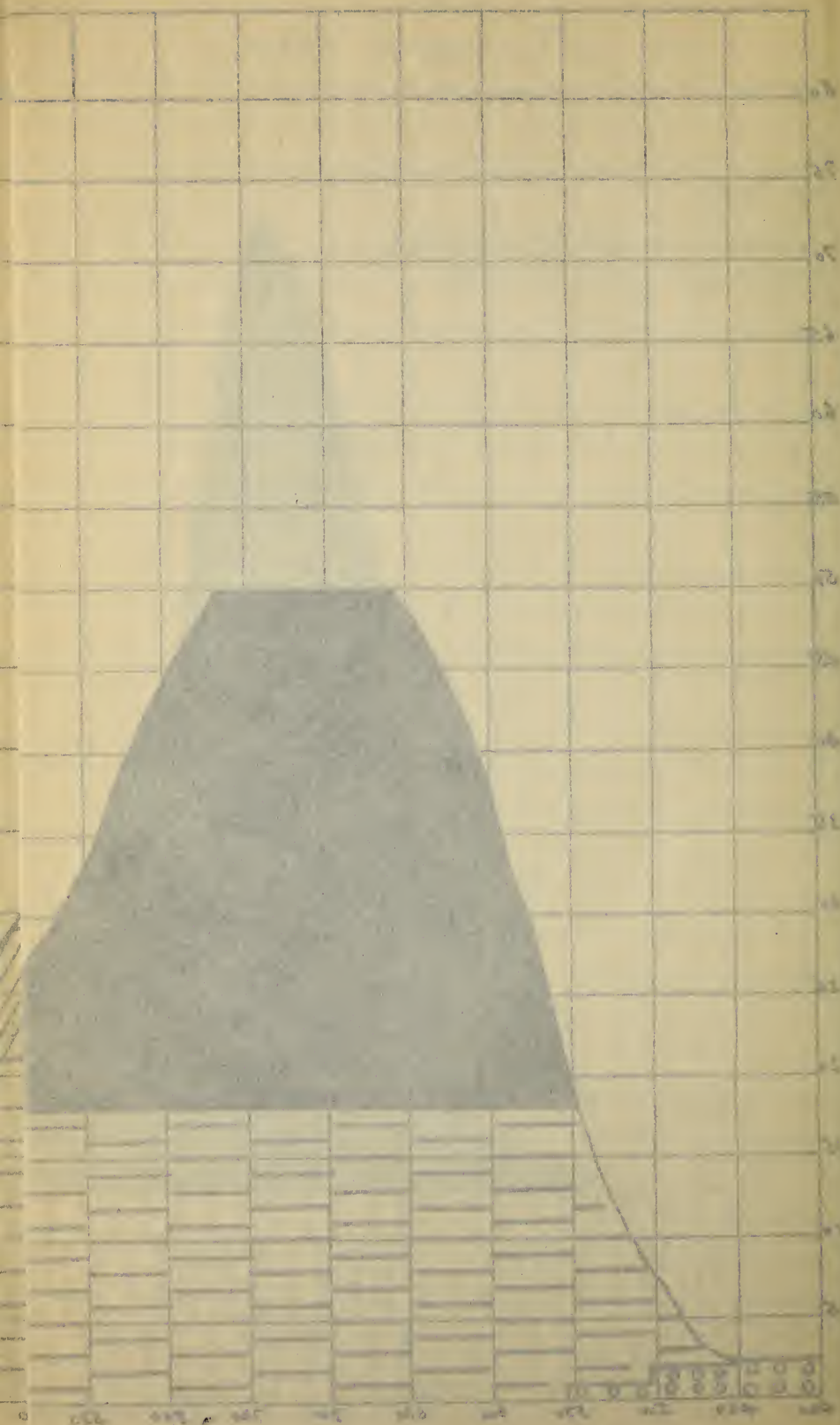


EXHIBIT No. 3

RUNS OF EIGHT HOURS OR MORE

Present sample tables 287 men; proposed sample tables, 201 men; a decrease of 29%.
Total men now working 8 hours or more, 1951; under proposed tables, 1385 men; a decrease of 566 men.

RUNS OF LESS THAN EIGHT HOURS

Present sample tables, 63 men; proposed tables, 275 men; an increase of 336%.
Total men now working less than 8 hours, 423 men; under proposed tables, 1844 men; an increase of 1421 men.

INCREASED NUMBER OF MEN MADE NECESSARY BY PROPOSED SCHEDULES

Present sample tables, 350 men; under proposed tables, 476 men; an increase of 36%.

Total Men Required—Present Tables:

1176 Motormen
1198 Conductors

Total 2374

855 = 36% increase

3229 total men required.

Total Men Required—Proposed Tables:

8 hours or more 1385 men
Less than 8 hours 1844 men

Total under proposed tables 3229 men

Total under present tables 2374 men

Increase

855 men = 36%

"DEAD" TIME UNDER PRESENT AND PROPOSED TABLES

Five hour minimum, under present sample tables, 167 hours; under proposed sample tables, 430 hours; an increase of 263 hours or 157%.

Total Time Necessary to Make Five-Hour Minimum at Present

* 179, 819 Hours yearly, at 35c. \$ 62,936
at 36c. 64,734
at 37c. 66,533
at 38c. 68,331
at 39c. 70,129
at 40c. 71,927
at 41c. 73,725
at 42c. 75,523
at 43c. 77,322
at 44c. 79,120
at 45c. 80,918
at 60c. 107,891

Total Time Necessary to Make Five-Hour Minimum Under Proposed Tables

462, 134 Hours yearly, at 35c. \$161,746
at 36c. 166,368
at 37c. 170,989
at 38c. 175,610
at 39c. 180,232
at 40c. 184,853
at 41c. 189,474
at 42c. 194,096
at 43c. 198,717
at 44c. 203,338
at 45c. 207,960
at 60c. 277,280

BROADWAY WEEK DAY

1. Name of Person
 2. Address
 3. City
 4. State
 5. Zip

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BROADWAY WEEK DAY

PRESENT BROADWAY WEEK DAY SCHEDULE

RUNS NOS.	On	Off	On	Off	On	Off	On	Off	Time in Runs
1	520	330	Randall	Dinky					10 10
2	532	1027	105	621					10 05
3	539	1037	116	621					10 05
4	540	1042	122	1047					10 10
5	540	990	922	1047					10 05
6	557	1200	235	421			125	632	10 05
7	600	1222	255	640			434	633	10 05
8	613	1230	227	648					10 20
9	633	816	891	1132			150	648	10 00
10	639	1137	135	650					10 05
11	645	1137	155	452			456	656	9 55
12	637	1147	145	702					10 10
13	532	842	852	1017			1250	340	10 00
14	539	847	852	1017			1250	340	9 55
15	541	857	907	1140			200	346	10 10
16	558	757	755	1107			200	346	10 05
17	604	748	755	1107			117	414	10 05
18	609	752	759	1035			1257	352	10 15
19	629	812	827	1100			1232	440	10 15
20	633	816	807	1230			1232	440	10 35
21	614	756	807	1230			237	406	10 25
22	615	756	807	1230			340	406	10 20
23	415	907	1017	1250			419	606	9 35
24	424	927	303	420			434	633	9 35
25	424	927	303	420			434	633	8 45
26	430	922	1042	115			423	644	8 40
27	438	922	1042	115			423	644	8 40
28	438	609	624	808			1037	235	9 50
29	440	915	1147	237			1037	235	9 40
30	440	915	1147	237			456	656	9 20
31	448	755	1027	117			443	653	9 45
32	448	755	1027	117			447	659	8 10
33	508	820	1047	120			325	705	8 10
34	514	824	1047	120			439	702	8 10
35	541	724	1230	155					9 35
36	520	831	1210	135					10 00
37	507	759	1107	1232					10 00
38	514	819	1200	105					9 55
39	542	903	1140	105					9 45
40	549	909	1127	200					9 45
41	508	639	1222	255					10 05
42	517	807							8 00
43	526	835							8 00
44	508	639							8 00
45	517	831							8 00
46	526	835							8 00
47	457	921							8 00
48	457	921							8 00
49	511	724							8 00
50	550	756							8 00
51	541	724							8 00
52	550	756							8 00
53	541	724							8 00
54	550	756							8 00
55	541	724							8 00
56	550	756							8 00

Number of Runs 10 Hours or over.....	25
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"	"	9	"	"	16
"	"	"	"	"	16
"	"	"	"	"	4
"	"	8	"	"	1
"	"	"	"	"	1
Under 8 Hours.						

.....

853 Hours.....00 Minutes Actual Time

3 Hours.....15 Minutes "Dead" Time to Make 5-Hour Minimum

856 Hours.....15 Minutes Total Time

PROPOSED BROADWAY WEEK DAY SCHEDULE

[illegible]

Number of Runs 10 Hours or over..... 17

[illegible]

"	8	Under 8 Hours.....	2
"	"	"	37

67

854 Hours.....05 Minutes Actual Time

84 Hours.....00 Minutes "Dead" Time to Make 5-Hour Minimum

938 Hours.....05 Minutes Total Time

1

THE JOURNAL OF LINGUISTICS

STAYING YOUNG 2007

1871
 1872
 1873
 1874
 1875
 1876
 1877
 1878
 1879
 1880
 1881
 1882
 1883
 1884
 1885
 1886
 1887
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 1889
 1890
 1891
 1892
 1893
 1894
 1895
 1896
 1897
 1898
 1899
 1900

WEEK DAY

PROPOSED SOUTH BROOKLYN WEEK DAY SCHEDULE

Number of Runs 10 Hours or over.....	15
" " " " " " " " " " " "	9
" " " " " " " " " " " "	18
" " " " " " " " " " " "	18
" " " " " " " " " " " "	9
" " " " " " " " " " " "	9
" " " " " " " " " " " "	15
Under 8 Hours.....	15
Total Runs.....	57
Actual Time (in hours and minutes).....	873.50
"Dead" Time to Make 5-Hour Minimum.....	77.10
Total Time.....	951.00

27

THE UNIVERSITY OF CHICAGO

NOT RECORDED IN JUNE 1914

SUPERIOR WEEK DAY

PRESENT SUPERIOR WEEK DAY SCHEDULE

Run Nos.	On	Off	On	Off	On	Off	On	Off	Time in Runs
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PROPOSED SUPERIOR WEEK DAY SCHEDULE

Run Nos.	On	Off	On	Off	On	Off	On	Off	Time in Runs
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ADD HERE ALL OTHER WORKING HOURS THEREAFTER

[illegible]

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EXHIBIT No. 4.

The Cleveland Railway Company's Cleveland Franchise.

ORDINANCE No. 16238 A

as amended by

ORDINANCE No. 20890 B.

Whereas, The Cleveland Railway Company is the owner of a system of street railroads within the city of Cleveland; and

Whereas, The Forest City Railway Company, The Municipal Traction Company and The Cleveland Railway Company are parties to litigation affecting the ownership of various unexpired street-railroad grants for lines, all of which lines are now operated by a receiver appointed by the Circuit Court of the United States for the Northern District of Ohio, Eastern Division; and

Whereas, It is the common desire of the city and The Cleveland Railway Company to have all the grants of street-railway rights in the city of Cleveland now outstanding surrendered and renewed upon terms hereinafter recited, to the end that the rate of fare may be reduced, the transfer privileges made definite, and the right of the city as to regulation and possible acquisition made certain; and

Whereas, It is agreed that a complete re-adjustment of the street-railroad situation should be made, upon terms that will secure to the owners of the property invested in street railroads security as to their property, and a fair and fixed rate of return thereon, at the same time securing to the public the largest powers of regulation in the interest of public service, and the best street-railroad transportation at cost, consistent with the security of the property, and the certainty of a fixed return thereon, and no more;

Now, therefore, be it ordained by the council of the city of Cleveland, State of Ohio, that

Section 1. Wherever in the following ordinance the words "The Cleveland Railway Company," "the company" or "said company" are used, they shall be held to mean and include The Cleveland Railway Company; wherever the words "the city" are used, they shall be held to mean and include the city of Cleveland; and wherever officers of the city of Cleveland are mentioned by the name of their office or their descriptive designation, such description shall be held to mean and include the incumbents of any offices hereafter created performing functions similar to those now imposed by law upon the officers designated herein.

Wherever in this ordinance, except in Section 48, the expression "taking effect of this ordinance" is used, it shall be held to mean the thirty-first day after the passage and

due publication of this ordinance, no petition for its submission to popular vote having been presented or filed in accordance with the statute in such case made and provided, or, if such petition has been presented or filed, the day following the official ascertainment that a majority of the popular vote at the submission of this ordinance to vote has been in favor of this ordinance.

Sec. 2. The Cleveland Railway Company is hereby granted, upon the conditions herein provided, a renewal until the first day of May, 1934, of the right to maintain and operate its existing street railroad, by single or more tracks, as the same now exists in the city of Cleveland, with all necessary curves, street crossings, connections, turn-outs, cross-overs, Y's, loops, poles, trolley-, feed-, span- and guy-wires, equipment and other appliances, upon, over and along the following streets, parts of streets and other public ways and places in the city of Cleveland, said streets being grouped into numbered streets east of the north-and-south meridian, numbered streets west thereof, named streets alphabetically arranged, and private rights-of-way:

STREETS EAST.

East 2nd Street, from Prospect Avenue, S. E., to Bolivar Road, S. E.

East 3d Street (Wood Street), from Superior Avenue, N. E., to St. Clair Avenue, N. E.

East 4th Street, from Prospect Avenue, S. E., to Woodland Avenue, S. E., and Broadway, S. E.

East 9th Street (Erie Street), from St. Clair Avenue, N. E., to Woodland Avenue, S. E.

East 14th Street (Brownell Street), from Euclid Avenue to Central Avenue, S. E.

East 22nd Street (Perry Street), from Prospect Avenue, S. E., to Cedar Avenue, S. E.

East 34th Street (Humboldt Street), from Orange Avenue, S. E., over Kingsbury Run Viaduct and approaches, to Broadway, S. E.

East 40th Street (Case Avenue), from Prospect Avenue, S. E., to Perkins Avenue, N. E.

East 48th Street (Huck Avenue), where the private right-of-way of the company abuts on the same.

East 49th Street (Petrie Street), from Fleet Avenue, S. E., to Hamm Avenue, S. E.

East 55th Street (Wilson Avenue), from Broadway, S. E., to Lake Erie.

East 57th Street (Skinner Avenue), from Lansing Avenue, S. E., projected, to Fleet Avenue, S. E.

East 65th Street (Norwood Avenue), from Superior Avenue, N. E., to Wade Park Avenue, N. E.

East 65th Street (Tod Street), from Lansing Avenue, S. E., to Fleet Avenue, S. E.

East 66th Street (Dunham Avenue), from Superior Avenue, N. E., to Hough Avenue, N. E.

East 71st Street (Marcelline Avenue), from Harvard Avenue, S. E., to Lansing Avenue, S. E.

East 79th Street (East Madison Avenue), from Lexington Avenue, N. E., to Hough Avenue, N. E.

East 83rd Street, from Central Avenue, S. E., to Quincy Avenue, S. E.

East 105th Street (Doan Street), from L. S. & M. S. R. R. to Quincy Avenue, S. E.

East 118th Street (Anndale Street), from Euclid Avenue to Wade Park Avenue, N. E.

East 123rd Street (Carabelli Street), from Euclid Avenue to southerly line of and into the company's property on East 123rd Street.

STREETS WEST.

West 3rd Street (Seneca Street), from Lakeside Avenue, N. W., to Scranton Road, N. W.

West 6th Street (Bank Street), from Superior Avenue, N. W., to and into the private right-of-way near Union Depot.

West 9th Street (Water Street), from Superior Avenue, N. W., to and into a private right-of-way near Union Depot.

West 14th Street (Jennings Avenue), from the south end of Central Viaduct approach to Brainard Avenue, S. W.

West 25th Street (Pearl Street) and Pearl Road, S. W., from Superior Avenue, N. W., Viaduct approach, over and across Walworth Run Bridge and its approaches, and Brooklyn Bridge and its approaches, to the southerly line of and into the company's property in South Brooklyn.

West 28th Street (Hanover Street, then Rhodes Avenue), from Detroit Avenue, N. W., to Franklin Circle.

West 35th Street (State View Road), from Pearl Road, S. W., to southerly line of and into the company's property in South Brooklyn.

West 41st Street, from Clark Avenue, S. W., to Fulton Road, S. W.

West 65th Street (Gordon Avenue), from Detroit Avenue, N. W., to Clark Avenue, S. W.

West 73rd Street (Ridge Avenue), from 150 ft. north of Clark Avenue, S. W., to Denison Avenue, S. W.

West 98th Street (Wellington Street), from Lorain Avenue to northerly line of and into the property of the company on West 98th Street.

West 117th Street (Highland Avenue), from Madison Avenue, N. W., to the north line of and into the company's property on West 117th Street.

NAMED STREETS.

Abbey Avenue, S. W. (Abbey Street), from West 14th Street to, over and across the Abbey-Avenue portion of the Central Viaduct to Lorain Avenue.

Ansel Road, N. E. (Ansel Avenue), from Hough Avenue, N. E., to the southerly line of and into the company's property on Ansel Road, N. E.

Bolivar Road, S. E., from East 9th Street to and into the property of The Electric Depot Co.

Bridge Avenue, N. W. (Bridge Street), from West 25th Street to West 65th Street.

Broadway, S. E. (Broadway), from the common street intersection at south end of Central Market to Pittsburg Avenue, S. E.

Broadway, S. E. (Broadway), from East 34th Street to East 93rd Street, and across East 94th Street and East 96th Street, where the private right-of-way of the company lying north of Broadway, S. E., and C. & P. R. R. right-of-way abuts on said streets.

Buckeye Road, S. E. (South Woodland Avenue), from Woodland Avenue, S. E., to east line original lot No. 425 (easterly city limits).

Cedar Avenue, S. E. (Cedar Avenue), from East 22nd Street to easterly city limits.

Cedar Boulevard from city limits to city limits.

Central Avenue, S. E. (Central Avenue), from East 83rd Street to the northerly approach of Central Viaduct.

Central Viaduct, from Central Avenue, S. E., to West 14th Street.

Champlain Avenue, from Ontario Avenue to West 3rd Street.

Clark Avenue, S. W. (Clark Avenue), from West 14th Street to West 73rd Street.

Coltman Road, S. E. (East End Avenue and Coltman Street), from Euclid Avenue to the southerly line of and into the company's property on Coltman Road, S. E.

Denison Avenue, S. W. (Denison Avenue), from West 25th Street to Lorain Avenue.

Detroit Avenue, N. W. (Detroit Street), from West 25th Street to center of West 117th Street (westerly city limits).

Eagle Avenue, S. E., from East 9th Street to and into the property of The Electric Depot Co.

Euclid Avenue, from Public Square to and into the private right-of-way of the company 100 feet west of East 22nd Street, and across Brownell Court, S. E., where the private right-of-way 100 feet west of East 22nd Street abuts on said court.

Euclid Avenue, from East 40th Street to north line of original lot No. 397 (easterly city limits).

Fairfield Avenue, S. W. (Fairfield Street), from West 10th Street to West 14th Street.

Fleet Avenue, S. E. (Fleet Street), from East 65th Street to East 49th Street.

Franklin Circle, through the Circle from West 28th Street to Fulton Road, N. W.

Fulton Road, N. W. and S. W. (Rhodes Avenue), from Franklin Circle to Denison Avenue, S. W.

Hamm Avenue, S. E. (Hamm Street), from East 49th Street to Broadway, S. E.

Harvard Avenue, S. E. (Harvard Street), from East 93rd Street to East 71st Street.

High Avenue, from East 2nd Street to East 5th Street.

Hough Avenue, N. E. (Hough Avenue), from East 66th Street to East 55th Street.

Hough Avenue, N. E. (Hough Avenue), from East 79th Street to east line of Ansel Road, N. E.

Huron Road, from East 2nd Street to East 4th Street.

Independence Road, S. E. (Independence Street), from private right-of-way at East 47th Street to Sykora Road, S. E.

Kinsman Road, S. E. (Kinsman Street), from Woodland Avenue, S. E., to east line of original lot No. 441 (easterly city limits).

Lake Avenue, N. W. (Lake Avenue), from Detroit Avenue, N. W., to private right-of-way in Clifton Road, N. W.

Lakeside Avenue, N. W. (Lake Street), from West 9th Street to West 6th Street.

Lakeside Avenue, N. W. (Lake Street), from West 3rd Street to Ontario Street.

Lansing Avenue, S. E. (Fremont Street), from East 71st Street to East 57th Street.

Lexington Avenue, N. E. (Lexington Avenue), from East 55th Street to East 79th Street.

Lorain Avenue (Lorain Street), from Abbey Avenue, S. W., to west line of original lot No. 14 (old city limits).

Madison Avenue, N. W. (W. Madison Avenue), from West 65th Street to the center of West 117th Street (westerly city limits).

Miles Avenue, S. E. (Miles Avenue), from Broadway, S. E., to east line of original lot No. 465 (easterly city limits).

Ontario Street and Ontario Street, S. E. (Ontario Street), from Lakeside Avenue, N. W., to Central Avenue, S. E.

Orange Avenue, S. E. (Orange Street), from Broadway, S. E., to East 34th Street.

Payne Avenue, N. E. (Payne Avenue), from Superior Avenue, N. E., to East 55th Street.

Perkins Avenue, N. E. (Perkins Avenue), from East 55th Street to East 40th Street.

Pittsburg Avenue, S. E. (Pittsburg Street), from Broadway, S. E., to East 34th Street.

Professor Street, S. W. (Professor Street), from West 10th Street to Starkweather Avenue, S. W.

Prospect Avenue, S. E. (Prospect Street), from East 40th Street to Ontario Street.

Prospect Avenue, N. W. (Michigan Street), from Ontario Street to West 3rd Street.

Public Square (Monumental Park); the easterly roadway from Superior Avenue, N. E., to Euclid Avenue; the southerly roadway from the easterly roadway and Euclid Avenue to the westerly roadway; the westerly roadway from the southerly roadway to Superior Avenue, N. W.; the westerly roadway from Superior Avenue, N. W., to the northerly roadway; the northerly roadway from the westerly roadway to and across the easterly roadway; the easterly roadway from the northerly roadway to Superior Avenue, N. E.

Quincy Avenue, S. E. (Quincy Street), from East 55th Street to Woodhill Road, S. E.

Rockwell Avenue, N. E., from the easterly roadway of the Public Square (Monumental Park) to East 3rd Street.

St. Clair Avenue, N. E. and N. W. (St Clair Street), from West 9th Street to east line of original lot No. 365 (easterly city limits).

Scovill Avenue, S. E. (Scovill Avenue), from East 9th Street to East 55th Street.

Scranton Road, N. W. and S. W. (Scranton Avenue), from West 3rd Street to Clark Avenue, S. W.

Sumner Avenue, S. E. (Sumner Street), from East 9th Street to East 14th Street.

Superior Avenue, N. W. and N. E. (Superior Street), from easterly approach of Superior Avenue, N. W., Viaduct at West 9th Street to east line of original lot No. 387 (old city limits).

Superior Avenue, N. W., Viaduct (Viaduct Street), from West 9th Street to West 25th Street.

Sykora Road, S. E. (Sykora Street), from Independence Road, S. E., southerly to and into private property.

Union Avenue, S. E. (Union Street), from Broadway, S. E., to East 93rd Street.

Wade Park Avenue, N. E. (Wade Park Avenue), from East 118th Street to East 65th Street.

Woodhill Road, S. E., and East 93rd Street (Woodland Hills), from Quincy Avenue, S. E., to Broadway, S. E.

Woodland Avenue, S. E. (Woodland Avenue), from the

common street-intersection at the southerly end of Central Market to easterly city limits, 735 feet east of the center of Woodhill Road, S. E.

PRIVATE RIGHTS-OF-WAY.

Private right-of-way crossing Deering Avenue, S. E., and Fairchild Avenue, S. E., and through Stearns Road, S. E., from Euclid Avenue to Cedar Avenue, S. E.

Private right-of-way from Euclid Avenue and across Brownell Court, S. E., to Prospect Avenue, S. E., near East 22nd Street.

Private right-of-way in Clifton Road, N. W., crossing all intersecting streets, from Lake Avenue, N. W., to West 117th Street.

Private right-of-way in Lansing Avenue projected from East 57th Street (Skinner Avenue), easterly 150 feet along Lansing Avenue projected.

In the private right-of-way north of and parallel with the L. S. & M. S. R. R. right-of-way from West 95th Street to Lake Avenue, N. W.

CITY TRACKS

Of the rights granted in the foregoing descriptions, the following are over tracks and appliances belonging to the city of Cleveland:

Central Viaduct, from Central Avenue, S. E., to West 14th Street; thence along West 14th Street to Abbey Avenue, S. W., thence along Abbey Avenue, S. W., to the west line of West 19th Street.

Champlain Avenue, from Ontario Street to West 3rd Street.

East 2nd Street, from Prospect Avenue, S. E., to Bolivar Road, S. E.

East 3rd Street (Wood Street), from Superior Avenue, N. E., to St. Clair Avenue, N. E.

East 4th Street, from Prospect Avenue, S. E., to Woodland Avenue, S. E., and Broadway, S. E.

High Avenue, from East 2nd Street to East 4th Street.

Huron Road, from East 2nd Street to East 4th Street.

Kingsbury Run Viaduct, from the center of Trumbull Street, S. E., to Pisek Avenue, S. E.

Kinsman Road, S. E., Viaduct over the tracks of the C. & P. R. R. Co.

Public Square (Monumental Park); westerly roadway, from Superior Avenue, N. W., to the northerly roadway; northerly roadway from the westerly roadway to and across the easterly roadway, easterly roadway from the northerly roadway to Superior Avenue, N. E.

Seneca Street Bridge over the Cuyahoga River and the C., T. & V. R. R. Co.'s tracks.

Superior Avenue, N. W., Viaduct, from West 9th Street to center of West 25th Street

Rockwell Avenue, N. E., from the easterly roadway of the Public Square (Monumental Park) to East 3rd Street; and the grant to use said tracks and appliances is subject to the provisions of Section 38 of this ordinance, and without prejudice to the continuing ownership of said city as to its tracks and appliances; provided, however, that the city of Cleveland having expended the sum of \$144,000 in the construction, reconstruction and relocation of tracks, special work and overhead equipment of the north and south tracks of the four tracks in Superior Avenue, and the relocation of the two middle tracks thereof, from the center of Water Street to the center of the Public Square, and all the tracks, special work and overhead equipment around the south half of the Public Square, and through the Public Square on Ontario Street and Superior Avenue from Ontario Street east to the easterly side of the easterly roadway, in which said places old construction belonging to The Cleveland Railway Company was removed, and the new structures in which are now the property of The Cleveland Railway Company, and further, out of said sum of \$144,000, constructed, where no tracks had previously been, the tracks, overhead equipment and special work in and connecting with the following streets, which said tracks, special work and overhead equipment are the property of the city of Cleveland, namely, East 2nd Street, from Prospect Avenue, S. E., to Bolivar Road; East 3rd Street (Wood Street), from Superior Avenue, N. E., to St. Clair Avenue, N. E.; East 4th Street, from Prospect Avenue, S. E., to Woodland Avenue, S. E., and Broadway, S. E.; Champlain Avenue, from Ontario Street to West 3rd Street; High Avenue from East 2nd Street to East 4th Street; Huron Road, from East 2nd Street to East 4th Street; Public Square (Monumental Park), westerly roadway from Superior Avenue, N. W., to the northerly roadway; northerly roadway from the westerly roadway to and across the easterly roadway; easterly roadway, from the northerly roadway to Superior Avenue, N. E.; Rockwell Avenue, N. E., from the easterly roadway of the Public Square (Monumental Park) to East 3rd Street, and the city of Cleveland owes to The Cleveland Railway Company the sum of \$55,000 for money and materials used in part of said work, it is hereby provided that the company, as compensation for the right to use said tracks, overhead equipment and special work, shall annually charge off of the \$55,000 owed by the city a sum equal to interest at six per cent. per annum on \$89,000 until said entire sum of \$55,000 shall have been charged off, said annual charges beginning January 1, 1908, and when said sum shall have been wholly charged off the further use by the company of said tracks,

appliances and special work shall be subject to the provisions of Section 38 of this ordinance.

Sec. 3. The motive power for the operation of the company's railway shall be electricity, or such other motive power as council shall approve, the construction and equipment first-class, and to the satisfaction of the city. The tracks hereafter laid in paved streets, either as new construction or as renewal of existing construction, shall, with respect to their style and construction, conform to the general ordinances of the city, as the same now are, or as they may be hereafter.

Sec. 4. The right is hereby given to the company to maintain its present lines of poles and wires, and to erect and maintain such other lines of poles and wires as may be necessary to connect its power-houses and its said street-railroad system, and to maintain its feeder cables as at present located in the city-water-works tunnel, or hereafter located in said tunnel or other tunnels or conduits with permission of the city, and upon the payment by the company of such reasonable annual charge as the city may from time to time make therefor for all users thereof, and to maintain its present intake and discharge water-pipes and intake cribs between its power-house on Washington Avenue, N. W., and the Cuyahoga River, and such other intakes as may be hereafter authorized by said city; and wherever any of the routes provide for or include private right-of-way or property, the company is granted the right to maintain and operate its tracks on and across any and all intervening streets, and to maintain all poles and wires necessary to such purpose.

Sec. 5. The city reserves the right to grant to any other person or corporation the right jointly to occupy and use for street-railroad purposes, within the following described territory, the whole or any part of the tracks, poles, wires and electric current herein authorized to be maintained and operated, and all other appliances and power now or hereafter used for street-railway purposes, said territory being known as the central district of the city, bounded as follows:

Beginning at the shore of Lake Erie at the intersection of the east line of East 12th Street projected to said shore of Lake Erie; thence, along the east line of said East 12th Street and East 12th Street projected, southerly to the southerly line of Central Avenue, S. E.; thence along the southerly line of Central Avenue, S. E., to the southerly line of the Central Viaduct and its approaches; thence along the southerly line of the Central Viaduct and its approaches to the easterly line of West 14th Street; thence along the easterly line of West 14th Street to the southerly line of Abbey Avenue, S. W., projected; thence along the southerly

line of Abbey Avenue, S. W., projected, and the southerly line of Abbey Avenue, S. W., bridge and its approaches to the southerly line of Lorain Avenue; thence along the southerly line of Lorain Avenue to the westerly line of West 25th Street; thence along the westerly line of West 25th Street to the southerly line of Detroit Avenue, N. W.; thence along the southerly line of Detroit Avenue, N. W., to the westerly line of West 28th Street; thence along the westerly line of West 28th Street and along said westerly line projected to its intersection with Lake Erie; thence along the southerly shore of Lake Erie, as the same now is or hereafter may be, to the place of beginning.

The right of joint occupancy and use herein reserved shall be upon such reasonable terms and conditions as the council may prescribe.

Sec. 6. The construction, rolling stock, equipment, maintenance and operation of the street railroads herein authorized shall be subject to and governed by the general street-railroad ordinances now in force, except as the same are herein modified, and by future ordinances and regulations of the city not inconsistent herewith, except that the company shall not be required to pay any car-license fee.

Sec. 7. The company shall maintain in constant repair the pavement within a space seven (7) feet in width for single-track, and for double-track the entire space between the outer rails of both tracks, including the space between the two tracks and one foot outside of each outer rail, but in no event to exceed eighteen feet, except about curves, special work and where there are more than two tracks in a street, in all paved streets occupied by its tracks, whether such streets were paved at the time of the passage of this ordinance or subsequently thereto; but the company shall not be required to repave by virtue of this obligation to repair, nor by virtue of any requirement of the general ordinances of the city of Cleveland during the continuance of this grant.

Sec. 8. The company, at once upon the taking effect of this ordinance, shall proceed, by the acquisition of new cars or by alteration of existing cars, to extend the pay-enter system of fare collections; and, in case it is able, acting in good faith, to raise the money so to do within five months from that date, the company shall have in use upon its system not fewer than 450 pay-enter cars, and in 18 months from that date shall have all of the cars operated by it equipped as pay-enter cars, provided that small open cars now owned by the company, not in excess of 100 in number, may be continued in use by the company as trailers. The phrase "pay-enter car," as used in this ordinance, shall be held to mean a car equipped with a fare-box, and so arranged as effectively to provide for the prepayment of fares by passengers. The expense of the acquisition of such pay-enter cars, and seven-

ty-five per cent. (75%) of the cost of the reconstructing or remodeling [of] cars owned by the company at the time of the taking effect of this ordinance so as to make them pay-enter cars, shall be added to the capital value of the company, as defined in Sections 16 and 18 of this ordinance.

Sec. 9. The company shall place and continue upon all of its lines cars of modern design, equipped and furnished with such improvements and appliances as shall be deemed by the city to be necessary and proper for the safety, convenience and comfort of the passengers and the public, and shall run such cars in such numbers, at such intervals of time, subject to the limitation hereinafter provided, and under such rules and regulations, as the city may from time to time require, and shall cause such cars to stop at such places as the city may designate for passengers to leave or enter the same. The city reserves to itself the entire control of the service, including the right to fix schedules and routes, including routes and terminals of interurban cars, the character of the cars, the right to increase or diminish service, provided only that the council shall not require service to an extent which, at the maximum rate of fare, will not produce, to be credited to the interest fund, money enough to make good any loss therein, and to meet the requirements of Sections 16 and 18 hereof; and provided further that whenever, in the opinion of the company, any resolution or ordinance of the council regulating service will, if such service be installed at the maximum rate of fare provided in Section 22 hereof, not produce, to be credited to the interest fund, money enough to make good and meet the requirements of Sections 16 and 18 hereof, then and in any such event the company shall at once install such service, and may require the question whether the continuation of such service would, at the maximum rate of fare, impair the ability of the company to meet the requirements of Sections 16 and 18 hereof, to be submitted to arbitration as hereinafter provided; and if the board of arbitration decide that such service will not produce the moneys needed as aforesaid, then the resolution or ordinance shall not be further complied with by the company, and the company shall have the right to recoup any losses sustained, in the manner fixed by the board of arbitration to which the question of the continuation of such service has been submitted.

Sec. 10. Immediately upon the taking effect of this ordinance there may be designated by the city a city street railroad commissioner, which designation shall be made by the mayor of the city, subject to the approval of the city council. The city reserves the right, at any time, and from time to time, to remove the street railroad commissioner designated by it, such removal to be by the mayor, and to fill the vacancy in the manner provided for original design-

nation; and the city shall forthwith upon the naming of any city street railroad commissioner notify the company in writing of the name and address of such commissioner.

The city street railroad commissioner shall act as the technical adviser of the council of the city of Cleveland in all matters affecting the interpretation, meaning or application of any of the provisions of this ordinance, and of action thereunder affecting the quantity or quality of service, or the cost thereof, or the rate of fare. He shall keep always informed as to all matters affecting the cost or quality or quantity of service furnished, the receipts and disbursements and property of the company, the rate of fare, the vouchering of expenditures; and if he disapproves of the vouchering of expenditures, or of the manner of keeping accounts, or other matter affecting the bookkeeping of the company, he shall at once take the matter up with the company; and in case of disagreement the matter shall at once be submitted to the committee on standard classification of accounts of the American Street and Interurban Railway Accountants' Association, or to such person or persons upon whom the regulation of such matters may from time to time be devolved by law; and the decision of such committee, or person or persons, not inconsistent with the provisions of this ordinance, to whom this question is thus submitted, shall be final.

In the case of any temporary absence or disability of the city street railroad commissioner, the mayor may designate someone to act in his stead, notice being given to the company as heretofore provided.

The president of the company, or, in his absence or disability, such other person as shall have been designated by the president, and notice thereof given to the city, and if no such designation has been made, then the highest executive officer of the company, in the order named in the company's by-laws, a copy of which shall be furnished to the city, with all amendments from time to time made, in the city at the time shall represent the company in all matters relating to the supervision or performance of the duties hereby entrusted to the commissioner.

The company shall furnish to the city street railroad commissioner suitable room in connection with the general offices of the company, and office furniture, stationery and supplies. The city street railroad commissioner shall receive salary at a rate to be fixed from time to time by the council, but not exceeding \$1,000 per month, payable by the company, and charged to operating expenses, and shall have the right to employ such assistants, accountants, engineers, clerks and other employes as he shall deem necessary to enable him at all times to inspect and audit all receipts, disbursements, vouchers, prices, payrolls, time-cards, papers,

books, documents and property of the company; and the cost and expense of all such persons so employed by the city street railroad commissioner, at salaries fixed by him, shall be paid by the company monthly, upon the approval of the said city street railroad commissioner; provided that the aggregate amount thereof in any one month shall not exceed 1 per cent. upon the sum set aside in that month, under Section 19 hereof, to be used for operating expenses by the company; and the sum so expended by the city street railroad commissioner shall be subject to the approval of the council, and shall be deemed a part of such operating expenses; provided further that the sums authorized to be expended by the city street railroad commissioner under the provisions of Section 28 hereof shall be in addition to the amount in this section authorized to be so expended, and shall be subject to like approval of the council.

Sec. 11. Whenever any difference shall arise with regard to any of the provisions of this ordinance, or of the rights of the company or the city hereunder, between the company and the city, and the difference is with regard to a matter which might lawfully be arbitrated, and is not herein excluded from arbitration, then the company or the city may require such question or questions to be submitted to arbitration, such arbitration to be by a board of arbitration selected in the following manner: The company or the city demanding arbitration shall name its representative upon said board, and notify the other party, together with notice of the question upon which arbitration is demanded. Within ten days thereafter, the representative of the other party shall be named by such party, and notice of such selection given, failure to do which shall entitle the party demanding the arbitration to name such second arbitrator. The two thus selected shall, within ten days after the appointment of the one last named, select a third arbitrator, and if the two said parties are unable, within ten days, to agree upon such third arbitrator, then, upon the application of either, the person who is District Judge of the United States for the northern district, Eastern Division, of Ohio, or such district as shall then comprise the city of Cleveland, shall have the power to appoint such third arbitrator, five days' notice of the application to said District Judge being given, by the party applying, to the other party; and in the application for such appointment the party applying shall formulate the questions to be determined by the board of arbitration. Before making a final appointment pursuant to any such application, the person making such appointment shall give three days' notice to the company and the city of the person or persons considered by him, and either the city or the company may, within said three days, present objection to any person or persons under consideration.

When such third arbitrator shall have been appointed, a majority shall have power to decide the questions submitted to it. Whenever the appointment of a board of arbitration has been made as hereinbefore provided, and questions submitted for decision, they shall be decided within thirty days from the date of the appointment of the third arbitrator, unless the board of arbitration unanimously agree to an extension of time; and should said questions not be determined within said thirty days, and no such extension of time made, then either party may apply to the person who is Judge of the District Court aforesaid for the removal of said third arbitrator, and the appointment of a third arbitrator in place of the one removed, and such third arbitrator shall be appointed as is herein provided for the original appointment of said third arbitrator.

In the event of the disqualification or refusal to act of the person who is Judge of the District Court of the United States, as hereinbefore provided, any person who is Judge of the Circuit Court of the United States of the circuit in which the city of Cleveland shall then be situated shall, on request as hereinbefore provided, have power to appoint, or to remove and appoint, such third arbitrator, as is hereinbefore provided.

All expenses of every kind incurred by any board of arbitration appointed hereunder, including the fees of the arbitrators, shall be fixed by the board of arbitration as a part of their award, and shall be paid by the company, and charged to operating expenses; provided that any such expense in any period of six months above the sum of \$5000 shall be paid as an expense, and paid out of the interest fund.

Wherever herein "the board of arbitration" is referred to, or "the board," it shall be taken to include and mean any board of arbitration constituted as hereinbefore provided; and wherever "the city street railroad commissioner," or "the commissioner," is referred to, it shall be taken to mean and include the city street railroad commissioner as provided in Section 10 hereof.

Wherever, either in this section or elsewhere in this ordinance, notice is provided to be given to the company, a notice in writing, addressed to the president of the company, and delivered at the offices of the company, shall be delivery of such notice; and wherever notice is provided to be given to the city, such notice in writing, addressed to the city street railroad commissioner, and delivered at the office provided for him in Section 10 hereof, shall be delivery to the city.

Sec. 12. The board of arbitration herein created shall have power to determine all questions, of every kind, character and description, arising between the city and the rail-

way company, subject to the limitation contained in Section 11 hereof, in the carrying out of the provisions of this ordinance, whether expressly committed to determination by arbitration by the provision of this ordinance or not, when submitted to such arbitration in the manner provided in Section 11 hereof; and the determination in writing of said board of any question submitted to them as aforesaid shall be final and binding, except that the right or power of said board to determine any question as to control of the service and the fixing of schedules and routes shall be subject to the limitations prescribed by Section 9 hereof.

The city street railroad commissioner may, pending the determination of any such question by the council, and to meet emergencies, temporarily approve changes in schedules or routes; but such schedules or routes so changed shall continue in force only until the council shall have otherwise directed.

Sec. 13. Whenever any board of arbitration herein provided for shall have considered and determined any question, its determination shall be made in writing, and copies thereof shall forthwith be filed with the company and the city, as provided for the delivery of notices in Section 11 hereof; and after such delivery the finding of the board shall be binding and operative. The board shall, however, have the right, in any finding made by it, to fix the time within which the things by it required shall be done.

Sec. 14. In case of any failure on the part of the company to do and perform fully and in good faith any direction or award made by the board of arbitration as hereinbefore provided, the rate per cent. of interest payments provided in Section 16 hereof upon the capital value, other than bonds and floating debt, shall be reduced from the rate then in force by such amount as the arbitrators may determine, but not lower than one per cent. below the rate then in force, and shall continue at such reduced rate until, in the opinion of the board of arbitration, the said order and direction has been carried out by the company; and the board of arbitration shall have power to determine, in every instance, whether or not its orders have been carried out, and whether or not the reduction in the return upon the capital value above stipulated shall be made.

Sec. 15. At all times during the continuance of the rights herein granted, and any renewal hereof, the company shall keep in its office, open to inspection at all reasonable times, full, true and accurate accounts of all moneys expended and liabilities incurred in connection with said business, and the maintenance and operation of said property, and also complete statistical accounts of its business and operations, which accounts shall be kept in the manner prescribed by the American Street and Interurban Railway

Accountants' Association, or as may be provided by law, or by any authority created by law, and the said company shall make and furnish to the city street railroad commissioner monthly reports of its car-mileage and earnings, and such other statements and reports as the said commissioner may from time to time direct; and said commissioner shall at all times have access to, and full authority to inspect, examine, audit and verify, all accounts, vouchers, documents, books and property of the company relating to the receipt and expenditure of money, and the business done by the company in the operation of its railway.

Sec. 16. For the purpose of fixing, from time to time, the rate of fare to be charged by the company, and the return to the company, for the services rendered by it to the public, and for the further purpose of fixing the price at which the property of the company may be purchased as hereinafter provided, the capital value of all of the property of said company shall consist of the following items:

(a) The bonded indebtedness of the company, the principal thereof aggregating \$8,128,000, and any renewal of any part or the whole thereof, and any addition thereto made pursuant to the provision of this ordinance.

(b) The floating indebtedness of the company, aggregating \$1,288,000, represented by bills payable, as of January 1, 1908, less whatever part thereof has been paid at the time of the taking effect hereof; also whatever sum, if any, is needed to be added to money on hand to place the sum of \$500,000 in the interest fund, as provided in Section 19; also, to the extent that there is no money on hand after deducting from the cash on hand said sum of \$500,000, all existing debts of The Municipal Traction Company, The Forest City Railway Company, The Low Fare Railway Company, The Neutral Street Railway Company, including claims hereafter liquidated; also including a sum equal to $7\frac{1}{2}$ per cent. upon the par value of all stock guaranteed by The Municipal Traction Company, and such further sum, not exceeding fifty thousand dollars (\$50,000), as shall be determined should equitably be paid to persons who have disposed of stock held under such guarantee; also an amount equal to the par value of the issued and outstanding capital stock of The Neutral Street Railway Company; also all existing debts of The Cleveland Railway Company, and existing claims against said company hereafter liquidated, and one and one-half ($1\frac{1}{2}$) per cent. on \$14,675,600, less the amount paid by The Municipal Traction Company to stockholders of The Cleveland Railway Company, on or about October 1, 1908, as for dividend, and interest at the rate of six (6) per cent. per annum, from January 1, 1910, to the taking effect of this ordinance, upon the residue of the capital value of The Cleveland Railway Company, as deter-

mined by the provisions of paragraph (c) of this section, to be divided among the stockholders of The Cleveland Railway Company; also all claims against the receivers which the company may be required by order of court to pay; all of which shall be assumed, by the acceptance of this ordinance, by the company upon the taking effect of this ordinance.

(c) The residue of the capital value of the company, to-wit, the sum of \$14,675,600 (the value of the property is agreed to be \$21,127,149.53, to which must be added, as the value of The Forest City property, \$1,805,600; and there is added the sum of \$1,158,300, interest accrued, but used to equalize stock value and not to be paid, said interest being the equivalent of 9 per cent upon \$12,870,000 for the period ending January 1, 1910. The total of these sums is \$24,091,049.53. From this aggregate is deducted bonded indebtedness of \$8,128,000 and floating indebtedness as of January 1, 1908, \$1,288,000. The total of these sums is \$9,416,000, leaving \$14,675,049.53; agreed addition to equalize stock value, \$550.47, making for residue of capital value, \$14,675,600), with such additions thereto as may from time to time be made pursuant to the provisions of this ordinance.

The company may, at any time, refund its bonds, or capitalize or issue mortgage bonds for its floating debt as defined in paragraph (b). All bonds hereafter sold by the company shall be sold at the best price obtainable therefor, and shall contain a provision making them payable on ninety days' call, at any interest maturing period, at one hundred and five and accrued interest; and the city shall have thirty days' notice in advance of all such proposed sales of bonds by the company.

There shall be paid out of the interest fund, as herein-after provided, all taxes and other payments herein provided to be made therefrom, and also, as return upon the capital value above described, five (5) per cent. per annum upon the total bonded indebtedness of the company, payable as provided by the mortgages securing the bonds; and, upon the refunding of any such bonded indebtedness, there shall be paid out of the interest fund that rate per cent. upon such refunded bonded indebtedness which the refunding bonds may bear, and such rate as may be necessary to amortize the discount, if such bonds are sold at a discount, the total, however, of such rate of interest and addition thereto for amortization to be not in excess of six (6) per cent. per annum on par.

There shall be paid out of the interest fund, as hereinafter provided, from time to time, interest at the rate of six (6) per cent. per annum upon the aggregate amount of the debt of the company as fixed in clause (b) of this section.

The company may issue and sell its capital stock or

mortgage bonds, said stock being sold for not less than par, and said bonds on a basis which will not be in excess of six (6) per cent. on par and will include in such rate provision for amortizing the discount, if such bonds are sold at a discount, or increase its floating indebtedness, in such amounts as shall be necessary to capitalize the debt enumerated in said paragraph (b), or to provide for such extensions, betterments or permanent improvements as it is by this ordinance provided may be added to the capital value upon which interest is to be paid; and the par value of the stocks or bonds sold or debt created for such purpose shall become part of the capital value; and if bonds are sold at a premium, such premium shall be used for extensions, betterments or permanent improvements, or for paying any then existing indebtedness of the company.

After meeting the payments heretofore provided for by this section, there shall be paid, from the remainder of said interest fund, to the stockholders, from the taking effect of this ordinance, quarterly, a sum equal to six (6) per cent. per annum, payable quarterly, upon the residue of capital value and additions thereto, as provided by paragraph (c) hereof.

The company may, without the consent of the city, issue and sell its capital stock, or increase its bonded or floating debt; but no increase in capital stock or bonded or floating indebtedness by the company shall be considered a part of the capital value for the purposes of this section unless made pursuant to the provisions of this ordinance, or with the consent of the city.

Sec. 17. All debts of The Municipal Traction Company, The Forest City Railway Company, The Low Fare Railway Company, The Neutral Street Railway Company, and The Cleveland Railway Company, including claims hereafter liquidated, and including all payments to be made as determined by Section 16 hereof, less all proper credits assumed by the company as hereinbefore provided, to the extent that the same can be paid out of the money on hand at the time of the taking effect of this ordinance, after deducting therefrom the sum of \$500,000 to be credited to the interest fund as hereinafter provided, shall be so paid.

Sec. 18. To the capital value of the company, and as a part of the capital value of said property, as that term is defined by the provisions of Section 16 hereof, there shall be added from time to time the par value of bonds or stock sold or debt created for extensions, betterments and permanent improvements, as hereinafter provided. All earnings of the company, from every source, above the operating expenses and maintenance, depreciation and renewal allowance, shall go into the interest fund, as that fund is defined by Section 16. Out of that fund shall be paid the sums pro-

vided to be so paid by Section 16. Any surplus remaining in said interest fund after the payment of taxes and other charges provided by this ordinance to be paid therefrom, over and above the sum of \$500,000, shall constitute a fund to be absorbed in the reduction of fares; and any deficiency in the interest fund below \$500,000, in any period of operation, shall be first made good as is hereinafter provided; it being the intent hereof that the said interest fund shall be maintained at \$500,000, and that all the payments provided to be made by Section 16 shall be cumulative, and shall be first paid out of the interest fund, without any deductions whatever; and for that purpose, and out of the interest fund, the company shall pay all sums assessed against the company, its property or stock, or against any income or interest of the stockholders by reason of their ownership of stock, by the United States, the same being by law payable by the company, or by the state of Ohio, or by any county, municipal or township authorities in that state.

The proceeds of the sale of any property of the company represented in the aggregate capital value of the company, as that term is defined in Section 16 hereof, may be used by the company in the payment of floating indebtedness, or may, in the company's discretion, or if required by the provisions of any mortgage made by the company to secure any bonded indebtedness forming a part of said capital value, be deposited with the trustee of such mortgage. All such sums at any time on deposit with such trustee shall be first taken down and used by the company in the construction or acquisition of any extension, betterment or permanent improvement thereafter made. All such property shall be sold at the best obtainable price, and the amount of the proceeds and the items of property sold shall be forthwith reported to the council. To the extent that any part of the proceeds of such sales is otherwise used by the company than in the making of extensions, betterments and permanent improvements, or depositing with such trustee as above set forth, the capital value of the company, as described in Section 16 hereof, shall be reduced.

Sec. 19. Upon the taking effect of this ordinance, the company shall, out of money on hand, or as provided in Section 16 hereof, place the sum of \$500,000, less prepaid accounts and plus accrued accounts, in the interest fund, which fund shall be deposited separately from the current receipts of the company, and shall from time to time have credited to it interest earned thereon by being deposited in such banks as the company shall select, or which may be invested in such securities as may be agreed upon between the company and the city. All other moneys on hand shall be used in the payment of debts included in Section 16 hereof. To the interest fund thus created there shall be added monthly

the sum remaining after deducting from the gross receipts for the month eleven and one-half cents per car-mile for each revenue mile, exclusive of car-house and car-yard miles, made by a car equipped with motors operated during the month, exclusive of cars operated to carry materials used in the construction and repair work of the company itself, and also sixty (60) per cent. of eleven and one-half cents per car-mile for each revenue mile, exclusive of car-house and car-yard miles, made by a revenue trailer operated during the month, and the sums provided in Section 20 to be deducted from gross receipts for the maintenance, renewal and depreciation account; and the fund thus created shall be and constitute the interest fund, out of which all taxes, interest and dividend and other payments hereinbefore and hereinafter provided for shall be made. Whenever the city establishes for any line a schedule which requires the operation of more cars during any hour in the day than twice the number of cars operated per hour on the base table for such line, the company shall be allowed by the city such additional car-mile allowance for cars so operated as shall be necessary to pay the increased cost of such operation in excess of twice the base table, if there shall be any such increased cost; and in the event of disagreement thereon, the amount, if any, to be allowed shall be determined by arbitration, in the manner hereinbefore provided.

Sec. 20. The sum provided in Section 19 hereof to be deducted from the gross receipts of the company per car-mile of operation shall be used by the company for operating expense, insurance, payment of claims, and all other expenditures, exclusive of the payments required by Section 16 hereof to be made upon the capital value of the company, and taxes and interest on floating debt, and payments herein provided to be made out of the interest fund; and no part thereof in excess of \$1,000 per month shall in any event be expended for any extension, betterment or permanent improvement; and all sums so expended within the limitation hereinbefore stated for such extensions, betterments or permanent improvements shall be reported monthly to and approved by the council, and the interest fund shall annually be reimbursed for the full amount so expended by new capital; and all sums so expended and not approved by the council as for extensions, betterments or permanent improvements, shall be charged to operating expenses. In addition to the car-mile operating-expense allowance provided in Section 19 hereof, there shall, in the following months, be deducted from the gross receipts the following sums, to-wit:

In January, February, March, April, May and December, four cents per car-mile; November, five cents per car-mile; and in June, July, August, September and October,

six cents per car-mile, the deductions being made as provided in Section 19 hereof for revenue miles, exclusive of car-house and car-yard miles, made by cars equipped with motors, and 60 per cent. of said rates for similar miles made by trailers operated during said months.

The sum so deducted each month shall be placed to the credit of the maintenance, depreciation and renewal account, and shall not thereafter be expended for any other purpose whatever. The sum so set aside shall, if not needed for immediate maintenance or renewals, be accumulated, and may from time to time be invested in the bonds of the company, or in the payment of its floating indebtedness, to the extent that the same form part of the capital value of the company, as that term is defined in Section 16 hereof; and, to facilitate the investment of said fund in such bonds, the company shall, in any bonds hereafter issued by it, stipulate the call price and conditions provided in Section 16 hereof; but if the amount so invested or paid is at any time needed for maintenance and renewals, the company may, for that purpose, issue new mortgage bonds, or incur new floating indebtedness, to the amount of such investment or payment, with the interest that would have accrued thereon, which new bonds or floating indebtedness shall become part of the capital value of the company, as that term is defined in Section 16 hereof.

Sec. 21. The amounts per car-mile allowed in Section 19 hereof may be increased or decreased from time to time by agreement between the city and the company, so as to enable the company to meet the legitimate expenses of operation, insurance, accident and damage claims, and to prevent or make good any deficit on account of such operating expenses; and also the amount required by Section 20 hereof to be set aside for maintenance, renewals and repairs may be similarly increased or decreased by agreement; and in the event of disagreement any such increase or decrease in either car-mile allowance shall be submitted to arbitration. Any surplus in the hands of the company at the expiration of any period of one year remaining unexpended for operating expenses, as hereinbefore provided, out of the car-mile allowance provided by Section 19 hereof, exclusive of the amount required to be credited to the maintenance and renewal account by Section 20 hereof, shall be placed to the credit of the interest fund hereinbefore described.

The intent hereof with regard to the sum authorized by Section 20 hereof to be set aside for maintenance, depreciation and renewal is to enable the company to maintain, renew, replace, preserve and keep its railway system and property, and every part thereof, and all extensions, betterments and permanent improvements hereafter made pursuant hereto, in good condition, thorough repair and working

order, the standard of such condition, repair and working order being an average for the entire system of 70 per cent. of its reproduction value; and the car-mile allowance provided by Section 20 hereof for the purpose of maintenance and renewal shall not at any time be diminished, unless the value of the property of the company and the amount accumulated in the maintenance and renewal fund, and invested as is provided in Section 20 hereof, aggregate more than 70 per cent. of the reproduction value of the said entire system. No renewal or replacement charged to the maintenance, depreciation and renewal account shall be made by the company until it has been approved by the city council, or by the city street railroad commissioner when thereunto duly authorized by the council to act.

Sec. 22. The maximum rate of fare for a single continuous ride within the present limits of the city of Cleveland, in one direction, over any route of said company, shall be four cents (4c) cash fare, seven tickets for twenty-five cents (25c), one cent (1c) transfer, no rebate; and, including said maximum rate, the following schedule or scale of fares is hereby established.

(a) Four cents cash fare, seven tickets for twenty-five cents (25c), one cent (1c) transfer, no rebate.

(b) Four cents (4c) cash fare, seven (7) tickets for twenty-five cents (25c), one cent (1c) transfer, one cent (1c) rebate.

(c) Four cents (4c) cash fare, three (3) tickets for ten cents (10c), one cent (1c) transfer, no rebate.

(d) Four cents (4c) cash fare, three (3) tickets for ten cents (10c), one cent (1c) transfer, one cent (1c) rebate.

(e) Three cents (3c) cash fare, one cent (1c) transfer, no rebate.

(f) Three cents (3c) cash fare, one cent (1c) transfer, one cent (1c) rebate.

(g) Three cents (3c) cash fare, two (2) tickets for five cents (5c), one cent (1c) transfer, no rebate.

(h) Three cents (3c) cash fare, two (2) tickets for five cents (5c), one cent (1c) transfer, one cent (1c) rebate.

(i) Two cents (2c) cash fare, one cent (1c) transfer, no rebate.

(j) Two cents (2c) cash fare, one cent (1c) transfer, one cent (1c) rebate.

Each of the foregoing rates of fare, when in force, shall be the rate of fare for a single continuous ride within the present limits of the city of Cleveland in one direction, over any route of said company, whether enumerated in Section 2 hereof or not; and when any of the foregoing rates of fare is in force with regard to which a ticket rate is provided, the company shall sell, on all of its cars, at all times, reissuable tickets at the rate provided, each of which tickets shall en-

title the holder to one such ride. At all times, any passenger demanding a transfer-ticket at the time of paying such cash or ticket rate of fare as shall then be in force, shall be entitled, under the provisions of the rate of fare then in force as to transfers, to transfer from the route on which he shall have paid such fare to any other route of said company, except in a substantially opposite direction on a route parallel or substantially parallel thereto, and to ride continuously to any point upon such second route within the limits of the city of Cleveland, provided he transfer to a car upon such second route within five minutes after leaving the car upon which he shall have paid fare, or to the first car of such company passing such transfer point upon such second route, and at the first point of intersection of said route reached by the car upon which he shall have paid fare. If cars upon two or more routes are operated regularly along the same street, passengers who are able to reach their destination by one of said routes, without transfer to another of said routes, shall board a car upon the route reaching such destination, and shall not be entitled to transfer therefrom from any other route.

Any passenger transferring to a car upon the East 55th street cross-town line of said company, or upon its cross-town line in East 105th street, Woodhill road and East 93rd street, or upon its cross-town line in West 65th street, shall, upon demand, at the time of presenting, within the time herein provided, a transfer-ticket to such cross-town line from any intersecting line of said company, be entitled, without additional charge, to transfer to any other route of said company intersecting such cross-town line, and to ride to any point upon such intersecting route, provided he transfers to a car upon such last mentioned route within five minutes after leaving such cross-town car, or to the first regular car upon such last-mentioned route.

The company shall not be required, however, to furnish a round trip for a single fare, nor to carry any passenger to any point upon its railway and from such point to the vicinity of his starting-point for a single fare; and the company may, subject to the approval of the city council, as hereinbefore provided, make such reasonable regulations, not inconsistent with the provisions of this ordinance, as may be necessary to prevent misuse of transfers.

Any child under six years of age, accompanied by a person paying fare, shall be carried free. Two persons under six years of age, when accompanied by a passenger paying fare, shall be carried for a single fare.

The company may make and enforce proper and reasonable rules and regulations relating to the collection of fares and the issuance and acceptance of transfers upon the

several routes of the company, subject, however, to the approval of the city council.

Sec. 23. At once upon the taking effect of this ordinance, the company shall put into operation the rate of fare stipulated in paragraph (e) of Section 22 hereof, to-wit, three cents cash fare and one cent charge for a transfer, and said rate of fare shall continue in force for eight months from the taking effect hereof; provided that the company shall have installed 450 pay-enter cars within five months from the taking effect hereof, as is provided in Section 8 hereof; otherwise said initial rate of fare shall continue in force for three months beyond the completion of the installation of said 450 pay-enter cars. At the termination of said eight months, or such longer period as may be rendered necessary by the foregoing provision, if the amount in the interest fund, less accrued proportionate payments to be made therefrom, shall be less than five hundred thousand dollars (\$500,000), the company shall install the next higher rate of fare provided in Section 22 hereof, unless, in the opinion of the company, a rate of fare higher than the next higher to the rate in force during the said initial period shall be necessary to restore the balance in the interest fund, and to provide for current disbursements therefrom, as hereinbefore provided, in which event, with the consent of the city, the company may install any rate of fare not higher than the maximum provided in Section 22 hereof; or, upon failure of the city to agree thereto, the question may be submitted to arbitration as hereinbefore provided; and the rate of fare so installed after the termination of said initial period, whether the next higher rate or any rate not higher than the maximum, installed with the consent of the city or by award of the board of arbitration, shall continue in force for six months. Thereafter the rate of fare shall be changed from time to time as follows:

Whenever the amount credited to the interest fund, less the proportionate accrued payments to be made therefrom, shall be less than five hundred thousand dollars (\$500,000) by the amount of two hundred thousand dollars (\$200,000), this shall be prima facie evidence of the necessity of raising the rate of fare to the next higher rate on the scale provided in Section 22 hereof.

Whenever the balance in the interest fund, less proportionate accrued payments to be made therefrom, shall be more than five hundred thousand dollars (\$500,000) by the amount of two hundred thousand dollars (\$200,000), it shall be prima facie evidence of the necessity of lowering the rate of fare to the next lower rate on the scale provided in Section 22 hereof.

If, at any time, either the city or the company shall be of opinion that the fare should be increased or decreased

otherwise than as is hereinbefore provided, such party may give written notice to the other of its opinion, stating the increase or decrease desired. If this is assented to, the change shall be made. In case of disagreement, the question of increase or decrease, and the rate to be fixed, shall at once be submitted to arbitration, as is provided in Section 11 hereof, and the rate fixed by the award of such board of arbitration, not exceeding the maximum rate of fare provided for by this ordinance, shall be at once installed.

Wherever, in this section or in this ordinance, it is provided that in determining the amount in the interest fund deductions shall be made for "accrued proportionate payments to be made therefrom," such deductions shall be made as follows:

The total amount to be deducted during the year shall be the aggregate amount of interest and dividend payments provided by Section 16 hereof, together with all taxes, and the said aggregate shall be deducted at the following rates: for January, seven per cent.; for February, six per cent.; for March, seven per cent.; for April, eight per cent.; for May, nine per cent.; for June, nine per cent.; for July, ten per cent.; for August, ten per cent.; for September, nine per cent.; for October, nine per cent.; for November, eight per cent.; for December, eight per cent.

Sec. 24. The company may transport along and upon its lines, in suitable cars, such materials, supplies, appliances and tools as it may need for the construction, maintenance and operation of its road. It may carry upon its passenger-cars, or upon other cars, mail for the government of the United States. It may operate funeral-cars, observation-cars, express-passenger service, and other special cars, at rates to be fixed from time to time by the council of the city of Cleveland, not lower than the rate in force for the carriage of passengers from time to time, as is provided by the terms of this ordinance. The company shall also operate hospital- and supply-cars for the city, and such other cars for exclusively municipal purposes as the city shall direct; and the city shall furnish and maintain such cars, and shall pay the cost of operating such cars, to-wit, the wages of all employes of the company in charge thereof, plus the cost of current, but exclusive of any contribution for fixed charges, or for track maintenance or renewal. The transportation of materials, supplies, appliances, tools and mail, and the operation of special cars, shall not be permitted to interfere with or delay the carriage of passengers, and shall at all times be subject to regulation by the council. The car-miles operated by the company in transportation of city cars, materials, supplies, appliances and tools shall not be counted in the car-miles made for the purposes of Sections 19 and 20 hereof.

Sec. 25. The cars of the company shall be operated to Garfield Park on its Broadway line, and passengers shall be carried to and from said point at the same rate of fare charged under the provision of this ordinance by the company upon its lines within the limits of the city of Cleveland. By the acceptance of this ordinance, as hereinafter provided, the company agrees to accept an ordinance authorizing it to extend its Lorain-street line to the present limits of the city of Cleveland, consents of property-owners having been presented for the passage of such an ordinance, and immediately thereafter to construct and extend its Lorain-street line to said city limits, and to operate said line to the present limits of the city of Cleveland at the rate of fare from time to time in force under the provisions of this ordinance within the limits of the city of Cleveland; provided that in lieu of accepting such ordinance and building such extension, the company shall have the right, with the consent of the city, to make any reasonable arrangement for the operation of its cars to the city limits on Lorain street, over existing tracks therein.

Sec. 26. The salaries of persons employed by the company and receiving compensation at the rate of \$1,500 per annum or more shall not be in excess of those paid for similar work by other properties of the same relative size.

Sec. 27. The words "extensions, betterments and permanent improvements," as used in this ordinance, in contradistinction from repairs, maintenance, renewals and replacements of property, shall be held to mean the acquisition, construction and equipment of additional lines of street-railway, power-houses, switches, sidings, car-houses, shops, rolling-stock, machinery and other property, or additions to existing equipment, or difference between cost of new sources of power, or new methods of propulsion, and the cost of the source of power or method of propulsion replaced, if new at the time of replacement, and all expenses incident to such construction and acquisition; and also, wherever any property of the company is replaced by other property at a greater cost than would be the first cost of such property, if purchased at the time of replacement, then such excess cost shall be deemed an extension, betterment or permanent improvement within the meaning of those words as used in this ordinance; and in the event of any disagreement between the company and the city with regard thereto, a board of arbitration, selected as provided in Section 11 hereof, shall have the power to determine, under the provisions of this section, what proposed expenditures by the company are for extensions, betterments and permanent improvements.

Sec. 28. Either the company or the city may propose extensions, betterments or permanent improvements.

Whenever any extension, betterment or permanent improvement is proposed by the city, estimates of the cost thereof and plans and specifications thereof shall be filed with the company by the city, and whenever any extension, betterment, or permanent improvement is proposed by the company otherwise than of the kind and subject to the limitations contained in Section 20 hereof, estimates of the cost thereof, and plans and specifications therefor, shall be filed with the city by the company; provided, however, that the right of the city to propose extensions, betterments or permanent improvements shall terminate whenever the unexpired term of this franchise, or any renewal hereof, is less than fifteen years.

When such extensions, betterments or permanent improvements proposed by the company have been approved by the council, or when estimates of the cost and plans and specifications of any extension, betterment or permanent improvement proposed by the city have been filed with the company by the city, such extensions, betterments and permanent improvements shall be made, if the company, acting in good faith, and using all usual means, can procure the necessary money, by the sale of stocks, or bonds, or by an increase of floating debt, unless the company shall claim in any such case that extensions, betterments or permanent improvements proposed by the city will impair the present or future ability of the company to earn the amounts stipulated in Section 16 hereof, or that the company is unable to finance said extensions, betterments or permanent improvements, in either of which cases the claim of the company shall be submitted to arbitration, as provided in Section 11 hereof. Provided, however, that the expenditure of the two million, five hundred thousand dollars (\$2,500,000.00) hereinafter required shall not be subject to such arbitration. And the capital value, as that term is defined by Section 16 hereof, shall be increased as provided in Section 16 hereof; and the company shall be entitled to have payments made to it thereon out of the interest fund at the rate of six (6) per cent. per annum, payable quarterly, if the expense is met by the issuance of stock, or at the rate of interest borne by the bonds, including the amortization of the discount, if bonds are sold at a discount, or floating debt, if the expense is met by bond issue or increased floating debt, at a rate not exceeding that hereinbefore provided.

The city street railroad commissioner shall have the right to employ such assistance as he shall deem necessary for the purpose of checking over estimates of any extension, betterment or permanent improvement proposed by the company and also for the purpose of making the estimates, plans and specifications of any extension, betterment or permanent improvement proposed by the city, and if the work

of constructing such extensions, betterments or permanent improvements is undertaken, he shall have the right to employ such assistance as he shall deem necessary for the purpose of checking material, labor or other costs in the supplying of such extensions, betterments or permanent improvements, and the company shall pay all bills for such assistance and services approved by the city street railroad commissioner; provided, that such bills shall be subject to the approval of the city council, and shall not in the aggregate exceed one per cent. of the cost of the proposed extensions, betterments or permanent improvements, which sum, if the extension, betterment or permanent improvement is made, shall be included in the actual cost thereof; or, if the extension, betterment or permanent improvement is not made, the cost thereof, not exceeding one per cent of the estimated cost thereof, shall be paid by the company as an expense out of the interest fund.

Immediately upon this ordinance taking effect, the company shall proceed to expend the sum of \$2,500,000 in such extensions, betterments or permanent improvements as may be designated by the city.

Sec. 29. Nothing shall be added to the capital value provided in Section 16 hereof on account of any extension, betterment or permanent improvement made by the company without the approval of the city.

Sec. 30. During the continuance of this grant the company may maintain the existing suburban lines operated by it at the time of the passage hereof; but the cost of the construction of extensions, betterments and improvements upon existing suburban lines, except to the extent of the increased cost of replacing property, as defined in Section 27 hereof, or of the building and construction of additional suburban lines, shall not be included in the capital value of the company, as fixed by Section 16 hereof, without the consent of the city, which consent shall be secured in the manner provided in Section 28 hereof for the making of extensions, betterments or permanent improvements upon the property of the company within the city.

The company shall perform all existing contracts between it and any municipal corporations or boards of county commissioners under which suburban lines are now operated, but shall not increase the service above or reduce the fare below the requirements of such existing contracts; and in the event of any dispute between the city and the company as to the requirements of such existing contracts, the dispute shall be submitted to arbitration, if the consent of the municipal corporation or other public authority interested can be obtained. In the event of such arbitration, the city shall appoint one arbitrator, and the suburban authority one arbitrator; the third shall be appointed as provided

in Section 11 hereof. Otherwise, such dispute shall be litigated, and the city shall have the right to be represented by counsel.

The company may accept new grants for the operation of suburban lines, or renewals of existing grants; but after the acceptance of such new grants, or renewal of existing grants, the amount deducted from the gross receipts of the company for car miles made in the operation of such new or renewal grant, under the provisions of Sections 19 and 20 hereof, shall in no event exceed the gross receipts made in such operation of such new or renewal grant, less the distributive share of the aggregate taxes of the company, which should be paid upon the property operated under such new or renewal grant; and the car mileage allowance for expense of operation and maintenance within the city provided by Sections 19 and 20 hereof shall not be increased on account of any deficiency therein. The gross receipts of operation of any such new or renewed suburban grant shall be the excess of the total receipts of the line above the full city rate for all passengers using any part of the line within the city limits. But should later operation under such new grants or renewal grants show a surplus of gross receipts of the company for car-miles made in the operation of such new or renewal grant over the deduction from gross receipts authorized to be made under the provisions of this ordinance, the company may use this surplus to reimburse itself for any earlier deficiency; and when this has been accomplished, the subsequent receipts shall be used as provided in this ordinance, and, if the council approve, the capital value of the company shall be increased by the then value of the property used in any such extensions, betterments or permanent improvements which have been so constructed.

The right so to include such property in capital value, and the amount to be so included, shall be determined by agreement between the city and the company, and shall not be subject to arbitration.

Provided that during any unexpired term of this franchise of more than fifteen (15) years' duration, upon demand of the city, the company shall extend to all (or such part as the city may designate) of its existing lines in that portion of the city of Cleveland formerly known as Collinwood all, any or such parts of the benefits of Ordinance No. 16238-A, as amended, as may be designated by the city, and such terms and conditions of such ordinance, as so amended and as so designated by the city, shall apply thereto; but the company shall not thereby be deemed to have surrendered any franchise existing in such territory.

Sec. 31. During the continuance of this grant the company shall carry on its cars, free of charge, all policemen

and firemen of the city of Cleveland, in uniform and on duty, but shall otherwise give no free passes or free transportation unless otherwise required by law except to motormen, conductors and inspectors of the company in uniform or upon presentation of badge when going to or from work; and the company shall have the right to furnish to its other employes, except employes in the general office, free transportation while on duty or going to or returning from work, the cost of the same to be charged to operation. The company shall, by the adoption of all reasonable protective measures, and by necessary supervision of its employes and accounting force, provide for the collection of fares due the company from passengers. If, at any time, the city street railroad commissioner notifies the company that, in his judgment, any laxity, carelessness or inefficiency exists in the matter of collecting the revenue of the company, or of permitting free transportation in any way, or any wastefulness in the purchase or use of material, or employment have the right to employ such assistance as he may need of persons, or their compensation, said commissioner shall to determine the facts, and the company shall pay the cost of all such assistance, subject to the limitations imposed by Section 10 hereof. If, as the result of such investigation, it is found that any such failure to collect revenues, or wastefulness, exists, it shall be at once corrected. If there be disagreement between the city and the company as to the result of such investigation, or as to the efficiency of any corrective applied by the company, and the question having been submitted to arbitration under the provisions of Section 11 hereof, such board finds such failure to exist, or not to have been corrected, the reduction in the rate per cent of interest payments, as provided in Section 14 hereof, may be made and enforced by the board of arbitration until the failure is corrected.

Sec. 32. The company, by the acceptance of this ordinance, agrees to grant to the city, and the city hereby reserves to itself, the right, at any time during the life of this grant or any renewal thereof, whenever the city shall have legal power so to do, upon giving at least six months' previous notice in writing of its intention so to do, to purchase and take over the entire street railway system of the company, including all property then existing which now constitutes the street railway system in the possession of and operated by The Cleveland Railway Company, with all renewals, improvements, betterments and repairs thereon and additions thereto, and including all the property, grants, franchises, rights and claims of every kind, character and description then owned by said company. In case the city shall purchase and take over the street railway property of the company during the life of this grant or any renewal

thereof, as in this section provided, then it shall pay for the same the capital value of said property, as fixed by Section 16 hereof, increased as in this ordinance provided, and diminished by any reduction thereof out of surplus earnings or otherwise, as in this ordinance provided, plus ten per cent. thereof, the city at the time of such purchase assuming and agreeing to pay, in addition thereto, all the obligations, indebtedness and liabilities of said company, and all liens other than bonded indebtedness upon its property then existing, which bonded indebtedness the city shall, at the time of any such purchase, provide for by assumption if the law authorizing such purchase permits, or by payment if the law so authorizes at the time and under the provisions of the bonds they are callable, or by taking the property subject thereto if that be the mode provided by law for dealing with such existing bonded indebtedness in making such purchase. To the extent that the city takes the property subject to, assumes or pays, either floating or bonded indebtedness, the amount thereof shall be deducted from capital value before the addition of the ten per cent hereinbefore provided in determining the price to be paid by the city. Should the city exercise the option to purchase hereby conferred, upon demand of the city, the company shall convert into cash at the best price obtainable, the assets or securities then in the sinking fund provided for by Section 40 hereof, and the proceeds shall be deducted from the purchase price to be paid by the city; and in default of the city so demanding such conversion, such assets or securities shall become the property of the city, but shall not be deducted from purchase price. Upon giving such notice in writing to the company by the city, as is provided in Section 32 hereof, the law then permitting such purchase, of the exercise of the option to purchase herein given, the company shall, and hereby agrees that it will, as soon thereafter as the law will permit, execute and deliver to the city a good and sufficient deed, conveyance and assignment, conveying a good marketable title to said railways, grants, property and franchises then held, including cash on hand and in the interest fund, less enough to pay dividends at the rate of six per cent. to date, subject, however, to all existing liens, indebtedness, obligations and liabilities of said company; and upon the delivery of said deed, conveyance and assignment, the city shall pay said purchase price, as hereinbefore provided, and execute all papers necessary to carry into effect the terms of such purchase.

The company agrees that, to the extent that its current obligations, indebtedness and liabilities then liquidated, except for extensions, betterments and permanent improvements, made in accordance with the terms of this ordinance,

do, at the time of any such purchase, exceed a sum equal to ten per cent of the gross receipts of the company from all sources for the next preceding calendar year, such excess shall be deducted from the capital value in determining the price to be paid by the city.

Sec. 33. The company, by the acceptance of this ordinance, does grant to the city, and the city hereby reserves to itself, the right, from and after the first day of January, 1918, to designate any firm, person or corporation having lawful authority to acquire, own and operate street railways in the city of Cleveland (herein called the licensee) who or which shall have the right to purchase the street-railway system, property and rights of the company, in the same manner as the city hereunder has the right to purchase the same, subject to the conditions that the licensee agrees to accept a smaller return by at least one-quarter of one per cent, upon the portion of capital value described in paragraph (c) of Section 16 hereof than the company is then entitled to receive and shall purchase the same property which the city has herein reserved the right to purchase in Section 32 hereof; that the price to be paid therefor by the said licensee shall be the price at which it is provided in Section 32 hereof that the city may acquire the property, and that, in so acquiring the property, said licensee shall agree to hold the same subject to all the terms of this ordinance, including, as a valid and binding condition, the right of the city to purchase the same, as hereinbefore provided, and the right of the city thereafter to designate any other licensee to acquire and hold the same, as is hereinbefore provided; and upon the designation of any such licensee by the city, the same notice shall be given to the company as is herein provided to be given in the event of the city exercising the option referred to in Section 32 hereof, and the same mode of transfer as is herein provided in case of purchase by the city shall apply to the case of purchase by such licensee. The right of the licensee of the city to acquire the street-railway system, rights and property by purchase, under the provisions of this ordinance, shall in no way be impaired by any lack of power or authority on the part of the city itself to acquire the said street-railway system, rights and property, for municipal operation and use or otherwise.

Before any such licensee as is herein provided shall be designated, the city shall fix a time for the receipt of bids, and shall give thirty days' public notice thereof. At the time appointed, proposals shall be filed, the proposal of any applicant other than the company being accompanied by \$50,000 in money, as a guaranty of its good faith. If no proposal is filed by the company, it shall be deemed to propose the rate of return then authorized. Should the company file a proposal lower than its then authorized rate,

such proposal being as low as any other filed, the same shall be accepted, and the rate therein offered shall become the authorized rate of return, unless (1) no other proposal be filed, or (2), another proposal having been filed and a licensee designated, no purchase is made by such licensee thereunder, in either of which events the proposal of the company shall be disregarded, and no change in the rate of return shall be required by reason thereof. All proposals received shall be opened at the hour fixed, and thereafter the council may designate as licensee any bidder whose proposal is in accordance with the conditions hereinbefore set forth. Should the city determine not to designate such licensee, or should no proposal complying with the conditions hereinbefore provided be received, the city shall not again give notice of the receipt of proposals within six months thereafter. Should the city designate such licensee and the bidder so designated fail to acquire the property and to comply with all the conditions of such acquisition, as stipulated by this ordinance, within thirty days after the expiration of the six-months' notice hereinbefore provided, unless prevented by bona fide legal proceedings over which he has no control, the city shall declare such failure by resolution of council, and upon the passage of such resolution the city shall, out of the \$50,000 deposited by such defaulting bidder, pay to the company any loss or expense which, in the opinion of the council, has been incurred by the company in regard to the filing of proposals or bids, and the balance of such deposit shall become the property of the city, and shall be deposited in the city treasury to the credit of the general fund.

Sec. 34. Any such licensee, in the acquisition of the property under the provisions of Section 33 hereof, shall pay the capital value of said property, as fixed by Section 16 hereof, less bonded or floating debts paid or assumed, plus ten per cent of the difference, and shall be under all the obligations provided in Section 32 hereof for the city, in the event of purchase by the city, except the limitations as to the mode of payment, and shall assume and agree to pay, in addition to the price stipulated, all the obligations, indebtedness and liabilities of the company, and all liens upon its property then existing, other than bonded indebtedness, which said bonded indebtedness the said licensee may assume, it being understood that the current obligations, indebtedness and liabilities of the company shall be limited as provided in Section 32 hereof, and that any excess thereof shall be deducted from said purchase price.

Sec. 35. If, at the expiration of this grant, or any renewal thereof, the city shall not have exercised the rights reserved to it to purchase the said property as provided in Section 32 hereof, then and in that event the company, by

the acceptance of this ordinance, grants to the city, and the city hereby reserves to itself, the rights of purchase following:

(1) If the city then has legal power so to do, it may purchase said street railroad system with all extensions and additions thereto at the price, in the manner, and on the terms set forth in Section 32 of this ordinance, except that ten per cent. shall not be added to any part of the capital value to determine the purchase price to be paid.

(2) If the city then has legal power to acquire, own and operate street railways within the then city limits, it may purchase said street railroad system with all additions and extensions within the then city limits at the price, in the manner, and on the terms provided in Section 32 hereof, except that ten per cent shall not be added to any part of the capital value to determine the purchase price; and except that there shall be deducted from the total price of the entire system the value of such part of said street railroad, with all extensions and additions, lying outside of the then city limits, such value to be determined by agreement, or in event of a disagreement, by arbitration as provided in Section 11 of this ordinance; and, if the city so desires, it may, at the same time, require the company to sell, assign and convey to such person, firm or corporation as may be designated by the city, the part of such railroad system then lying outside of the then limits of the city of Cleveland at the value as so fixed by agreement or arbitration.

Sec. 36. [Repealed.]

Sec. 37. If, at the expiration of this franchise, no extension or renewal thereof is granted by the city, and the city does not then purchase the property, any person or persons to whom a franchise may be granted to operate a railroad over the then existing lines, or any of them, or any part of them, shall have the right, and be under obligation, to purchase said railroad, or such portion thereof, from its then owner, upon the terms herein provided for purchase by the city by Section 35 hereof.

Sec. 38. The company shall pay to the city three thousand dollars (\$3,000) per year for the use of the city's tracks and appliances on the bridges, viaducts and elsewhere, the use of which is authorized in Section 2 hereof, in the city, and shall renew, maintain and keep said tracks and appliances in constant repair. The city reserves the right, however, from time to time to adjust and fix the sum to be paid by the company for the uses herein provided by ordinance of the council, the sum so to be fixed, however, not to exceed at any time an amount equal to six per cent per annum upon the cost of the tracks and appliances belonging to the city so used, and imposing and continuing upon the company the obligation of renewal, maintenance and repair

above provided. Should the city at any time grant to any other company the right jointly to use any of its tracks covered by this section, the payments to be made to the city for such use by the grantee herein and such other company or companies shall be apportioned by the city as the council shall deem just, the aggregate sums paid not exceeding the maximum hereinbefore provided to be paid by the company.

Sec. 39. Nothing in this ordinance contained shall operate as an abridgement of the corporate rights or powers of the company, nor of the discretion of its board of directors in the selection of managers and employes, or any one performing any duties imposed upon the company and its officers by law; nor shall anything herein contained be deemed a limitation upon the amount of capital stock which shall be issued by the company, or indebtedness incurred by it. The capital valuation fixed by Section 16 hereof is for the sole purpose of determining the return to the company from the carriage of passengers, and for the purpose of fixing, from time to time, the rate of fare and the price at which the purchase of the property of the company may be made.

Sec. 40. The company shall have the right, whenever the unexpired term of this grant or any renewal thereof shall be less than fifteen years, to fix, charge and collect the maximum rate of fare provided in Section 22 hereof, and during said period the right to control the schedules for the operation of cars shall be in the company, and not in the city, except that the city shall not be deemed to have surrendered its police power to require such proper and reasonable service as may be required by the needs of the traveling public. During such fifteen years, or any portion thereof, the company shall continue to receive the sums provided by Section 16 hereof out of the interest fund; and whenever the amount credited to the interest fund, less the proportionate accrued payments to be made therefrom, shall be more than \$500,000 by the amount of \$200,000, the excess above \$500,000 shall be by the company applied to a reduction of the capital value of the company, as that term is defined in Section 16 hereof, as follows:

First: By the payment of any then outstanding floating indebtedness of the company;

Second: By the payment of any bonds then outstanding of the company which can at such time, according to the conditions of the mortgage under which such bonds were issued, be paid;

Third: By creating a sinking fund to assist in securing a reduction of capital value, such sinking fund to be invested in securities, with the approval of the city; and after the payment of any such floating indebtedness or bonds, the capital value, as that term is defined by Section 16 hereof,

shall be reduced by the amount so paid, and there shall be no payments made thereon out of the interest fund.

Should the city pass a grant in renewal hereof during a period of less than fifteen (15) years franchise duration, such renewal grant shall fix as the then capital value of the company, upon which interest shall be paid out of the interest fund, an amount equal to the capital value set forth in Section 16 hereof, increased as in this ordinance provided and diminished by any reduction thereof out of surplus earnings or otherwise as in this ordinance provided, and also diminished by the proceeds of the assets or securities then in the sinking fund provided for by this section, which assets or securities shall be by the company converted into cash at the best price obtainable.

Sec. 41. At any time after the taking effect of this ordinance, the city shall have the right to pass an ordinance in renewal of the rights hereby granted for such period, not less than fifteen years, nor less than the then unexpired term of this grant, as the city may by law be authorized to make; and upon the passage of any such renewal ordinance, imposing upon the company no substantial burden, as defined in Section 43 hereof, in addition to those imposed in this ordinance, the company shall at once accept the same, and upon its failure or refusal to accept the same, the provisions of Section 40 hereof shall cease to operate, and the city shall resume and have unimpaired all the powers as to regulation of schedules and operation provided by Section 9 hereof, and the rates of fare shall continue to be those fixed by the city council, or by arbitration, under various provisions of this ordinance, without reference to the provisions of Section 40.

Sec. 42. Should the duration of this grant, or any grant made in renewal hereof, come to have less than fifteen years' unexpired time to run, and the company, under the provisions of Section 40 hereof, install the maximum rate of fare, the council may still pass such renewal grant as is herein provided, and the company shall continue under obligation to accept the same, under the terms and provisions of this section, and upon acceptance shall become subject to the terms thereof, as though it had not operated under the provisions of Section 40 hereof.

Sec. 43. Any ordinance passed in renewal hereof shall be deemed not to impose any substantial burden upon the company in addition to those imposed by this ordinance when such renewal ordinance is either identical in terms with this ordinance, except as to the time of expiration, or that the right reserved to the city in Section 33 hereof may in such renewal ordinance be made continuously operative from and after January 1, 1918, or differs from this ordinance

in such particulars only as may be agreed upon between the city and the company.

Sec. 44. Should the city not have exercised the right reserved to it in Section 32 hereof by purchasing the street railway property on or before the first day of January, 1933, then, on said first day of January, 1933, the city having previously given one year's notice of its intention to enforce this section, the line of street railroad now known as the St. Clair Avenue line, beginning at West 9th Street and extending through St. Clair Avenue, N. W., and St. Clair Avenue N. E., to East 105th Street, with all the physical property, rails, ties, poles, trolley-, span-, guy- and feed-wires and other fixed appliances in place in said St. Clair Avenue, N. W., and St. Clair Avenue, N. E., shall, upon the city tendering to the company the physical value thereof, be and become the property of the city of Cleveland, and the operation of any grant or franchise then in force with relation thereto shall cease and determine, and the owning company shall have no right of any kind with regard thereto. In the event the city and the company disagree as to the physical value of said St. Clair Avenue line, the same shall be determined by arbitration in the manner provided in Section 11 hereof. If, on said first day of January, 1933, the city shall not have the right to own such property, or, having such right, determine not to exercise it, then the said property shall pass, upon making the same payment therefor as is required from the city, in case it had and exercised the right to acquire this property, to such person as the city council shall by resolution have designated to become the owner thereof; and the vesting of this property in such person so designated shall not be affected by any incapacity on the part of the city itself to own such property; and in consideration of the rights and privileges by this ordinance granted to the company, the company does hereby agree that, in the event stipulated, it will, on the said first day of January, 1933, execute all necessary deeds, covenants, assignments and other documents which may be necessary to confer upon the city or the city's licensee the absolute right, title and interest in and to all the property described in this section to be on said day so set over, transferred and conveyed.

Sec. 45. In case of any failure of the company to do and perform each and every one of the terms and conditions herein stipulated to be performed by it, and failure to comply with the general ordinances of the city of Cleveland relating to street railroads, now or hereafter in force, and not inconsistent with the specific provisions of this ordinance, and such failure shall continue for six months after written notice to the company from the city of its intention to exact a forfeiture by reason of such failure, the company shall thereupon forfeit all and singular the rights and privi-

leges herein granted, and thereafter all such rights and privileges shall cease; and such forfeiture shall be declared and enforced in the manner provided in Section 1891 of the Revised Ordinances of the city of Cleveland of 1907.

Sec. 46. The acceptance of this ordinance by the company in the manner hereinafter provided, and the ratification thereof by the stockholders of the company prior to February 10, 1910, and the taking effect of this ordinance, shall be and constitute a surrender, termination and cancellation of all the grants and franchises, of every kind, character and description, received, acquired or owned by any of the companies required by this section to sign the acceptance hereof, from the city of Cleveland or from any other source of authority, to operate the street-railroad system, or any part thereof, hereinbefore mentioned, within the present limits of the city of Cleveland, and shall be a contract between the city of Cleveland and The Cleveland Railway Company, a contract between The Cleveland Railway Company and The Forest City Railway Company, The Municipal Traction Company, The Low Fare Railway Company, and The Neutral Street Railway Company, superseding and cancelling all other relations between them, except such as passed title to said The Cleveland Railway Company or The Cleveland Electric Railway Company; and, for and in consideration of the privileges granted by this ordinance, The Cleveland Railway Company, by the acceptance hereof, shall assume and carry out, pay and perform, all of the obligations, covenants and conditions by this ordinance imposed upon the company, and shall extend to, respect and carry into effect all rights reserved by the city of Cleveland or granted to the city of Cleveland by the Company by the terms hereof, or granted to or imposed upon the company by the terms hereof; and such acceptance shall be in writing, filed with the city clerk within five days after the passage of this ordinance, in the following form, and such acceptance shall take effect upon the taking effect of this ordinance:

"Cleveland, Ohio, _____, 1909.

"The Cleveland Railway Company hereby accepts the terms of Ordinance No. _____, passed on the _____ day of _____, 1909, by the council of the city of Cleveland, granting a renewal of the street-railway rights of The Cleveland Railway Company, fixing the terms and conditions of such renewal grant, changing the rates of fare, regulating transfers and terminating existing grants; and, as consideration moving from The Cleveland Railway Company to the city of Cleveland for the passage of such ordinance and the rights thereby granted by the city of Cleveland to said company, The Cleveland Railway Company does hereby sur-

render and terminate all its grants and franchises, of every kind, character and description, received, acquired or owned by it, or its predecessors, from the city of Cleveland, or any other source of authority, to operate street railways within the present limits of the city of Cleveland; and The Cleveland Railway Company, for said consideration and for the surrender hereinafter specified by The Low Fare Railway Company, The Forest City Railway Company, The Municipal Traction Company and The Neutral Street Railway Company, does hereby assume, and agree to carry out, pay and perform all the obligations, covenants and conditions of said ordinance, and to extend to, respect and carry into effect all rights reserved therein by the city of Cleveland or granted to said city by The Cleveland Railway Company by the terms thereof; and, as consideration moving from The Cleveland Railway Company for the surrender by The Low Fare Railway Company, The Forest City Railway Company, The Municipal Traction Company and The Neutral Street Railway Company of all claims, demands and rights against The Cleveland Railway Company of, in or to any of the properties, lines or grants referred to in this ordinance, The Cleveland Railway Company hereby assumes and agrees to pay the debts now existing of said The Low Fare Railway Company, The Forest City Railway Company, The Municipal Traction Company and The Neutral Street Railway Company, as specified in said ordinance; and, in consideration thereof, said The Low Fare Railway Company, The Forest City Railway Company, The Municipal Traction Company and The Neutral Street Railway Company hereby release said The Cleveland Railway Company from all claims and demands whatsoever, and ~~surrender~~ to it all claim to or rights which they, or any of them, may have in or to any of the property, lines or routes referred to in the above ordinance, or in the hands of the receiver, or against one another, and agree to execute and deliver to The Cleveland Railway Company all such instruments as may be necessary to effectuate the same.

THE CLEVELAND RAILWAY COMPANY,

By
President,
.....
Secretary.

THE LOW FARE RAILWAY COMPANY,

By
President,
.....
Secretary.

THE FOREST CITY RAILWAY COMPANY,
By
President,
.....
Secretary.

THE MUNICIPAL TRACTION COMPANY,
By
President,
.....
Secretary.

THE NEUTRAL STREET RAILWAY COMPANY,
By
President,
.....
Secretary.

Sec. 47. 'The purpose of this ordinance is to establish and settle the relations between the city of Cleveland and The Cleveland Railway Company by a contract which will secure to The Cleveland Railway Company, unimpaired, the capital value described in Section 16 hereof, and the rates of return thereon provided in said section, and which will also secure to the city of Cleveland adequate and efficient service at the in Section 22; and the provisions of this ordinance in respect cost thereof, not exceeding the maximum rate of fare specified to the fixing, from time to time, of rates of fare to be charged by the company, the provisions in respect to the ascertainment of the value of the property of the company and the items from time to time constituting the capital value thereof, the provisions in reference to the designation of the city street railroad commissioner and the duties to be performed by him, the provisions with respect to the right and power of the city, through the city street railroad commissioner or otherwise, to be informed, by inspection of the books, papers, documents, vouchers and property of the company, as to the value of said property and the cost of service, and the provisions in respect to the acquisition of the property of the company by the city, or by a purchaser designated by the city therefor, as set forth in the several sections of this ordinance dealing with said subjects, are mutually understood and declared to be in their substance material to the accomplishment of the aforesaid purpose for which this contract is made; but nevertheless, in order to avoid an entire failure of this grant in consequence of invalidity of any of the aforesaid provisions, it is further provided as follows:

1. If any material part of the provisions of this ordinance in respect to the fixing, from time to time, of the rates of fare to be charged by the company, including the submis-

sion of such rates of fare to arbitration in case of disagreement between the parties, shall be adjudged to be invalid, then, except as provided in Section 40, all of the provisions hereof respecting the increase or decrease of fare, after the expiration of the period during which the initial rate of fare is to continue in force, as prescribed by Section 23, shall be abrogated, and, in lieu thereof, the council of the city of Cleveland shall have power, from time to time, to fix by ordinance the rate of fare to be charged by the company for the transportation of passengers, not exceeding the maximum rate specified in Section 22; but the council shall not at any time decrease the rate of fare unless there shall then be a sum exceeding \$500,000 in the interest fund; and any rate of fare so fixed by the council shall not impair the ability of the company to earn sufficient money to meet the payments provided for in Sections 16 and 18 hereof, after paying operating expenses and maintenance and such other allowances for depreciation and renewals as may from time to time be made pursuant to the provisions of this ordinance.

2. If any material part of the provisions of this ordinance providing for the settlement or decision by arbitration of questions other than the increase or decrease of the rate of fare which may arise between the city and the company shall be adjudged to be invalid, then, as to any such question thereafter arising between the parties, and which, by the terms hereof, is to be so submitted to arbitration, the council of the city of Cleveland shall be substituted for the board of arbitration by this ordinance provided, and the said council shall be empowered to determine such question in accordance with the rules and principles herein prescribed, so far as the same may be applicable, and its action shall be binding on both parties, unless the same shall be annulled or modified by a court of competent jurisdiction; and if the question involved be in reference to service, the company shall at once install the kind of service directed by the council until such court shall otherwise order.

3. If, at any time, the provisions of this ordinance for the designation of a city street railroad commissioner shall be held invalid, or if, at any time, there shall be no city street railroad commissioner, the city may designate the city auditor, or any other officer or employe of the city, to perform all the duties, and to have all the rights, privileges and powers, in this ordinance described as appertaining to the city street railroad commissioner.

4. In case, however, the city, having legal authority so to do, shall determine to purchase and take over the property of the company, or a part thereof, or in case the city shall designate a licensee to purchase the same, as provided in Sections 32, 33 and 44, refusal by the Company to comply with

any material provisions of said sections, or any of them, or of any other provision of this ordinance designed to carry out such purchase by the city, or by such purchaser, whether on the ground that the same are not binding on it or for any other reason, shall work a forfeiture of the grant made by this ordinance.

Sec. 48. This ordinance shall take effect and be in force from and after its passage and legal publication, and the filing of an acceptance in writing, as hereinbefore provided.

Repealing Clause—Ordinance No. 20890B.

Sec. 14. The council reserves the right, by ordinance, to repeal this ordinance (being Ordinance No. 20890B) and thereby to repeal all the rights, privileges, grants and amendments hereby made, if, within a reasonable time after the passage hereof, the Cleveland Railway Company, its successors or assigns, shall not have provided the sum of Two Million Five Hundred Thousand Dollars (\$2,500,000) for expenditure in such extensions, betterments or permanent improvements as may be designated by the city in accordance with the stipulations and requirements of Section 4 hereof (Section 28 herein).

EXHIBIT No. 5.

AUDITOR KILFOYLE'S STATEMENT of

Actual Expenses, Taxes, Interest, Allowances for Expense
Overdrafts and Gross Income for Ordinance-Year
Ended February 28, 1918,
and

Estimate for Ordinance-Year Ending February 28, 1919.

	1917-1918	1918-1919
Obsolete Equipment	\$ 544,000.00	\$ 744,000.00
Maintenance Expenses	2,132,954.85	2,559,546.00
Operating Expenses	5,609,175.85	6,170,093.00
Taxes	648,424.83	680,846.00
Interest	1,938,433.19	1,996,586.00
Allowance for Expense over- draft	438,158.19	646,047.00
Total	\$11,311,146.91	\$12,797,118.00
Gross Income	10,390,708.22	11,871,384.00
Deficit	\$ 920,438.69	\$ 925,734.00

EXHIBIT No. 6.

PASSENGER REVENUE

Per Passenger-Car-Mile (in Cents) in April 1917 and 1918.

Route.	1918.	1917.
Abbey Avenue	18.28*	.00*
Bridge Avenue	33.00	30.03
Broadway	29.83*	26.71*
Cedar Avenue	40.41	35.79
Central Avenue	41.10	38.57
Clark Avenue	19.98*	.00*
Clifton Boulevard	21.32*	19.15*
Detroit Avenue	31.13*	28.45
East 9th Street.....	8.64*	8.97*
East 55th Street.....	33.35	28.13
East 79th Street.....	33.64	31.03
East 105th Street.....	26.03*	23.15*
Euclid Avenue	34.46	26.04*
Euclid Heights	28.96*	23.76*
Euclid Creek	50.48	38.63
Fairfield Avenue	34.70	33.83
Fulton Road	22.80*	20.97*
Harvard-Denison	21.58*	16.45*
Kinsman Road	32.39	30.49
Lorain Avenue	35.71	30.32
Nottingham	21.70*	18.61*
Payne Avenue	42.38	37.48
Pearl Road	12.93*	10.61*
Scovill Avenue	36.38	33.64
Scranton Avenue	28.79*	24.32*
St. Clair Avenue.....	31.23*	28.05
Superior Avenue	36.94	32.49
Union Avenue	30.47*	23.02*
Union Depot	37.47	33.60
Wade Park Avenue.....	31.61*	27.43*
West 14th Street.....	29.80*	29.78
West 25th Street.....	36.53	31.06
West 35th Street.....	18.77*	15.17*
Woodland Avenue	36.65	32.80
Average	32.16	28.05

*Below cost.

EXHIBIT No. 7.

PASSENGER REVENUE

Per Passenger-Car-Mile (in Cents) in the First Four
Months of 1917 and 1918.

Route.	1918.	1917.
Abbey Avenue	19.65*	19.99*
Bridge Avenue	31.38	30.22
Broadway	27.98*	26.91*
Cedar Avenue	38.45	35.80
Central Avenue	39.75	37.74
Clark Avenue	19.40*	.00*
Clifton Boulevard	20.63*	20.23*
Detroit Avenue	30.02*	29.19
East 9th Street.....	8.26*	9.05*
East 55th Street.....	32.53	28.57
East 79th Street.....	32.42	30.72
East 105th Street.....	26.05*	23.10*
Euclid Avenue	32.23	26.33*
Euclid Heights	28.37*	24.35*
Euclid Creek	47.75	38.27
Fairfield Avenue	33.41	33.80
Fulton Road	22.39*	21.46*
Harvard-Denison	20.86*	16.51*
Kinsman Road	31.47	29.93
Lorain Avenue	34.10	30.44
Nottingham	20.63*	16.84*
Payne Avenue	41.22	37.59
Pearl Road	12.40*	9.66*
Scovill Avenue	34.80	32.94
Scranton Avenue	28.32*	23.76*
St. Clair Avenue.....	29.45*	29.68
Superior Avenue	34.76	32.40
Union Avenue	29.78*	23.18*
Union Depot	37.99	31.58
Wade Park Avenue.....	30.52*	26.86*
West 14th Street.....	29.26*	29.58
West 25th Street.....	36.11	34.78
West 35th Street.....	18.44*	15.59*
Woodland Avenue	34.97	32.70
Average	30.94	28.45

*Below cost.

EXHIBIT No. 8.

Address of Hon. Robert W. Tayler at Sixtieth Annual Dinner of the Cleveland Chamber of Commerce,
February 26, 1910.

Mr. President and Gentlemen of the Chamber:

Lest the apprehension that your Chairman just expressed is justified, I want to say a few words, not so much about the street-railroad troubles as about the hopes we have that the street-railroad troubles are over.

Several things have occurred to me as I sat here and listened to that most instructive and persuasive address of Mr. Brown, and the beautiful and informing address of Bishop Farrelly. But the time that is at my disposal now is not more than I wish to use in telling you something about the street-railroad situation and our hopes concerning it.

I ought, however, to voice the general disappointment, which I know you all share with me, that after that prolonged private conference which has just occurred in the presence of all of us, between Mr. Brown and Mayor Baehr, we did not hear from the lips of Mr. Brown a definitive statement about the Union Depot. I came here tonight fully expecting that there would be a proclamation of the settlement also of our Union Depot problem. I suppose, after all, the only way to get one, after the failure of tonight, will be to get a new president of that railroad and a new mayor of Cleveland.

But as to the subject that I desire to talk about. First, a word or two about the fundamentals of this settlement. The principle is very simple and venerable, because it is righteousness. The street-railway settlement is bottomed upon one thing, upon which no street-railroad problem or situation has ever before rested, and that is, so far as human endeavor can make it, justice to the community and justice to the people who furnish the money wherewith the community gets its local transportation.

The streets belong, in the largest sense, to the people. And they ought always to belong to the people; they ought never to be given away to anybody else. But, in the very nature of things, the uses to which the streets are put are such that no individual or ordinary community effort can furnish all that the community needs, and therefore men are called upon to invest their money in furnishing the means whereby transportation through the city may be supplied. Now, in a primitive community, relatively to a community like this, we have a different problem; but in a great community of this sort, where the number of people who must be transported daily back and forth is pretty certainly established, the problem is

not primitive, and its nature is radically clear-cut. And so it becomes possible, in any just method by which the question is answered, to arrange that the community, which owns the streets, shall continue to own them, and that the people who furnish that which the people want will get a full reward for the work that they do. All other systems, which fail to recognize those fundamental rights and fundamental principles, are fundamentally wrong.

Now, if we have (as I am sure we do have) the element of eternal justice in this settlement, then, of course, we have done right.

In an established community such as we have here the principle which I have asserted as fundamentally right can be, theoretically, at least, easily applied, by giving to the community service at the cost of the service; and that is what this plan and this ordinance design and declare in specific terms.

Now, that is all I am going to say about the fundamentals, except this general observation collateral to it: That whenever it is established in the public mind that the public are getting what they pay for, and that the people who furnish what they get are getting all that they can righteously claim for it, we will find a reversal in the attitude of the one toward the other. Whereas distrust and lack of confidence characterize, and always will characterize, the sort of conditions which normally prevail in street-railway problems, we will, in these new conditions, ultimately have confidence, we will have a relation that makes for peace, we will have that condition of mind which must always follow when both sides feel that justice is being done. And injustice has often been done to those who have furnished the sinews of war whereby intramural transportation was furnished, because, in the breasts of those who did not know what was going on, there was a feeling that they were not getting what they paid for, and that somebody else was getting more than he was entitled to get. When you have that spirit, you have the seeds of eternal dissension.

Now, something about the mechanism of this particular plan, and the ordinance which has been provided to carry it out. First of all, there had to be a determination of the question, "What is the value of the investment owned by the people who have furnished the system? And what is the return, or the basis upon which they are entitled to a return?" Until that is settled with fair satisfaction to the community, you have not eliminated the chief difficulty that arises. In this instance we have, as, of course, I think, and as I am quite sure the community as a whole believes, a reasonably fair determination of the value of the property, upon which the owners are entitled to a full and just return.

There are some incidents related to the mechanism to

which only a passing reference can be made—the provision, for instance, in a certain contingency, for a sinking fund to retire the bonds and other securities. There is a provision also in the ordinance covering the contingency, if it shall ever arise, when six per cent. shall be deemed to be an abnormally high rate of return, so that the ordinance will automatically correct itself, and the rate of interest, if that contingency arises, be reduced. Those are necessary elements in any mechanical contrivance to provide for conditions which we cannot now certainly foresee.

A maximum rate of fare, although not in principle necessary in this ordinance, is fixed at seven tickets for twenty-five cents, with a cent charge for a transfer. Philosophically, no franchise can be sold, with propriety either to the seller or the buyer, which fixes an arbitrary or inflexible rate of fare; and that is the vice of nearly all of the street-railway ordinances, I suppose, in the communities of this country. There is no more soundness of business conduct in giving a franchise which declares that the rate of fare, in Ohio, for instance, where the extreme life of a franchise is twenty-five years, is three cents or four cents or five cents, than there would be if the blast-furnace proprietors of the Mahoning Valley should today buy their ore supply for the next twenty-five years at a given price; they either pay too much or too little, because it is beyond the possibility of human wisdom to say what, for that great period of time, will be the fair price of that commodity which Nature furnishes us. Who knows what the service or the cost of service in the City of Cleveland will be ten, fifteen or twenty years from now? Three cents may be as extravagant a rate of fare then as ten cents would be now. Five cents may be as low a rate of fare then as two cents would be now. It all depends upon the cost of then furnishing that thing which the people demand. If it should be true, as we discover the speculations in the newspapers, that a new method of supplying electric current has been devised, whereby the cost is reduced sixty per cent., the cost of moving cars will be reduced. If it should be discovered that cars carrying twice as many passengers could as easily be carried over these tracks, that it would not require two men to operate a car—that an infinity of other things which we now see present in the practical conduct of a street railroad are not necessary—then who can say what the cost of transportation will then be? And who is it that can put a limit to the accomplishment of human ingenuity? Who can say that we now see the limit of cost of the thing that is thus furnished? And, on the other hand, who can say what is the limit by way of added expense to the furnishing of the thing that we must have? In this city, every day in the year, approximately five hundred thousand people, on an average, are carried on our street-cars; or that will be

the average, at all events, for the next five or six years; and they must be carried in some form and by some conveyance or other. And no man can say how much it is going to cost.

But when this community has brought itself to the point where it knows that it is getting the kind of transportation that it needs and wants and demands, and that that transportation is costing them just what it costs the people who produce it, allowing those who produce it a full and fair return, and no more, upon their investment, they will care mighty little what is the rate of fare. There are few who are unwilling to pay that which they know to be fair. But today they do not know what is fair; and it will take months—years—for them to learn, or to accustom themselves to the state of mind which induces them to believe that they do know, what this transportation which they must have costs. When they come to that, as I said a moment ago, they will be satisfied. That is all they want. They are honest; they are willing to pay, as they pay for everything else, what they believe the thing that they buy is worth. And thus, when we have that state of mind, without which we have unrest, we will peacefully follow, with interested view, the development of the street railroads in this city.

At this juncture, and from now on, what is the duty of this community? *There* is the present grave problem—what is the duty of this community? Some of the most intelligent people among us do not seem to understand what it is we have, or what it is that is before us. I read, a day or two ago, in a financial paper published in this city, that it was not in favor of the “Tayler plan,” and that the plan would not succeed, because three-cent fare would not pay. Well, I have always said, what I said a few minutes ago, that I did not know, and no man knows, what rate of fare will pay under the conditions which we now have. I certainly never stated that I was in favor of any particular rate of fare. At all events, three-cent fare, or any other rate of fare, hasn’t anything to do with the plan which has had my name prefixed to it. The same paper said that I had robbed the stockholders of the Cleveland Railway Company—seeming to attach a moral quality to the act. Now, I do not mention that by way of complaint. I cannot make everybody understand the ordinance. I only say that it behooves intelligent people to understand what this is about, and, when they proclaim themselves as authorities on that subject, to speak the truth about it, so that they may not mislead those who may be called upon to invest their money in this great enterprise.

There is a large duty, than which none is higher, on the managers of this street-railroad property during the next few years. They must not content themselves with the one thought that they have a vested right, in perpetuity, to operate this

property. They must rise to a conception of the fact that they owe a duty to the public, distinguished from the mere duty of operating the property. They are pledged to do justice to the community; and I do not question their purpose to do so. But it will not be harmful, since I am covering the various elements of the community in respect to the duty that they owe at this juncture, to make reference to them. If those in the immediate management of the property do not wisely or fairly or justly manage it, having regard to the public—because their interests are absolutely protected in the property, and there ought to be no part of this community more earnestly, or personally selfdenyingly, submitting their case to the arbitrament of the public than those who are in the management of it, because they are under no financial risk in doing it—if the management will not do it, then the public spirit and public honesty of the board of directors ought to see that it is done that way; and if they won't do it, then the five or six thousand shareholders in this community ought to see that a board of directors is elected that will do it; because not one of them, from manager down to the humblest stockholder, has, in truth or in fact, any real or different interest in the solution of the problem and the working out of the plan than the poorest rider on the cars, who has no other interest in it than to pay his money and take his ride.

And there is a duty on the council of the city, and the mayor of the city. They owe a duty to the whole community. The individual councilman ought not to conceive that he owes a special duty to his own particular constituency, at the expense of the entire community. It is undoubtedly true, and all of us are so constituted, that, whether purposely or not, we want to have better service for ourselves than we are entitled to have. That may arise from our voracity, or rapacity, or may arise from the fact that, since we look at the subject with narrow and prejudiced eyes, we may not justly judge of what our rights are as related to the rights of the public at large and the entire community. The council owes it to this community, as it does to itself, to so patiently and conservatively and justly consider every claim that is made as to the method of conducting transportation, as to the routing of cars, as to quality and amount of service, as to see that justice is done to everybody involved. And it is themselves only that are interested—they and their constituents—in the kind of service that is given.

And there is a duty on the street-railroad commissioner. He it is who must stand in the peculiar relation of adviser to the council; and he must stand in very close physical and intellectual relation with the management of the street railroad. If the management, on the one hand, and the council and the car-riders on the other hand, can get into a state of mutual friendship and harmony, the duties of the street-railroad com-

missioner will be nominal only. But for a long time the condition to which I have just referred cannot come, and therefore it is that this commissioner will stand in a most delicate relation toward the street-railroad officials, and in a most interesting relation to the mayor and the city council. He must deal with the street-railroad management, at the beginning, at arm's length, because he must be able to judge for himself what is the right thing. He must be able to know what it is that is going on, and he will have to judge and know by reason of his own independent efforts, and not by what the management may tell him. He must learn the facts for himself by such effort, and by such independent advice as he can obtain. And then, with his convictions bottomed upon knowledge, as fully as he is able to acquire knowledge, he must appear before his council and his mayor, and he must tell them just what he believes; he must tell them what he thinks is right. He cannot, and I know that the street-railroad commissioner who has been named will not, in any sense, be a mere time-server, who, fearful that he may lose his office, will not express and act upon his own independent judgment. It will be for him, among the warring elements of various constituencies and various members of the council, to tell them the truth, and to tell it so forcibly and in such certain language that, if the council overrides his judgment, the community will know how the council has overridden his judgment, and be able to say whether he or the council is right. For the time being, upon this commissioner of street-railroads, in my judgment, rests the chief responsibility for the accomplishment of that success which ought to come.

And so there is a duty upon the press, and upon the public. The public and the press ought to hold up the hands of the street-railroad management when it is doing right. They both ought to hold up the hands of the council and the street-railroad commissioner when they are doing right. The press ought, above all things, to undertake to eliminate, as a matter of sensational news, the various actually colorless things that happen in connection with the street-railroad business, and ought to endeavor to create sound and not excited public sentiment.

So, I say, the street-railroad commissioner should have courage, industry, patience and tact; the public and the press should have patience and sympathy and helpfulness; the management should be anxious and industrious to do their public duty; and if those who are thus related to this situation, which in its methods revolutionizes the methods that have heretofore prevailed—if they perform their duty—we shall permanently establish in the popular mind the righteous principle upon which the settlement rests.

EXHIBIT No. 9.

(From the Cleveland Plain Dealer of May 29th, 1918.)

EXPRESS CONCERNS COMBINE JULY 1.

Giant Company to Include Adams, American, Wells-Fargo and Southern.

WASHINGTON, May 28, 1918.—One union express company for the United States was created today by agreement between Director-General McAdoo and the Adams, American, Wells-Fargo and Southern companies. The transportation business of these companies will be merged under a new private corporation with capital of more than \$30,000,000, to be known, probably, as the Federal Express Co. George C. Taylor, now president of the American company, will be head of the new concern.

After July 1, when the combination becomes effective, shippers will direct shipments "by express" without regard to company.

The company will be the express carrying agency of the railroads, operating privately, but under contract to turn over 50¼ per cent. of its gross revenues (the combined gross was more than \$200,000,000 last year) to the roads for transportation. Three smaller railroad-owned companies, the Western, Great Northern and Northern, may join the combination later.

A pending application for ten per cent. increase in rates will be passed upon soon by the interstate commerce commission.

More than 100,000 employes of the four companies are to be retained under the new corporation, and their wages will be raised in many cases.

Through economies by common use of wagons, trucks, offices, railroad cars, etc., and simplification of accounting, the merged companies hope to save many millions of dollars and to render better service.

Though the merger is arranged under war exigencies, it is planned as permanent, and accomplishes the object which has been discussed for almost a century of competitive conditions. Last year the four leading companies barely made expenses, and the Adams recorded a deficit. Early months this year showed even a worse record.

Mr. Taylor's choice as head of the new company is in line with his spectacular rise from his first position as wagon-driver for the American company in a Wisconsin town. B. D. Caldwell, president of the Wells-Fargo, will be chairman of directors of the corporation, and W. M. Barrett, president of the Adams, will be a director.

Out of the 49¾ per cent. gross earnings retained, the union corporation will pay operating expenses, taxes and dividends of 5 per cent. on its capital stock. Out of the next 2 per cent. available for distribution, the company will receive 1 per cent. and the government 1 per cent. Out of the next 3 per cent. the company will get 1 per cent. and the government 2 per cent. One-fourth of amounts above this will be distributed to the company and three-fourths to the government.

EXHIBIT No. 10.

THE CITIZENS SAVINGS AND TRUST CO.

April 14th, 1918.

The Honorable Harry L. Davis, Mayor, and the City Council of the City of Cleveland.

Gentlemen:

Recent litigation between the city of Cleveland and the Cleveland Railway Company over advance in the rate of fare has drawn attention to the relations between the city and the railway company and to the stock of the railway company as an investment.

When the street railway controversy was on, which resulted in the settlement through the Tayler franchise, it was thoroughly understood that the compromise which resulted was a compromise which would give to the Cleveland public the lowest rate of fare consistent with a reasonable investment for the stockholders and security in such investment.

At that time it was felt that six per cent. was a fair compensation to be paid for money invested and that the provisions of the ordinance would insure an interest return of that amount upon all stock of the company.

The capital stock of the company at that time, as we recall it, was between fourteen and fifteen million dollars. With the stock that is now offered to the public the amount of money invested in stock of the street railway company has practically been doubled, and the number of stockholders very largely citizens of Cleveland and vicinity, has more than been doubled.

The savings banks and trust companies have been investing trust funds in the stock, and have been advising their clients to invest in the stock, for two reasons:

First: Because they considered the investment a conservative and sure investment to advise their clients to make.

Second: Because they realized that Cleveland is a growing city and must need enlarged railway facilities constantly, and that the money for such extensions and additions as the city's necessities shall require, should largely come from the

permanent investor, all speculation in the stock having, by the ordinance, been eliminated.

No one, at the time the ordinance went into effect, foresaw the great change in the industrial and financial affairs of the country that the European war has brought about.

Money at the present time is worth much more than it was in 1909 and commands a much higher price in the market.

Labor has very largely increased in cost, and is demanding still further increase. Materials and supplies have also very largely increased in cost.

We understand that not only is the interest fund of the street railway company below three hundred thousand dollars, but also other funds have been depleted since the ordinance went into effect, so that there is now something like two million of dollars to be made up.

Although these differences always have been adjusted in a satisfactory manner between the railway company and the city, the question that we see now immediately before us is, that with the great increase in price of material and labor, which has already come, together with the increased prices that we are likely to face, whether we can safely continue to advise our clientele to continue purchasing the stock of the street railway company at par.

It is manifest to us that in order for the company to continue the paying of six per cent. interest, it must be permitted to increase its rate of fare beyond the maximum provided in the ordinance.

The city of Cleveland is a great commercial city. It is straining, and should strain, every nerve to aid the government at this time; many of its factories are being required to enlarge by reason of the demands made, either directly by the government or in its interests, and the laboring people must be transported promptly to and from their work in order for the community to give its greatest efficiency.

The city has absolute control of all extensions and betterments of the service, and unquestionably certain extensions and betterments will be required in the near future, which may not pay operating expenses for some time to come.

We are sending a copy of this letter also to The Cleveland Railway Company, with the request that, for the benefit of ourselves and our clientele as well as all stockholders and proposed stockholders of the street railway company, we receive a reply from the city of Cleveland and from the street railway company, whether, whenever the necessity arises, they will both unite in providing for and consenting to such an increased rate of fare as shall simply be sufficient to guarantee to the stockholder his regular six per cent. interest. If we are assured that can be done, we should feel warranted to use our influence in urging the citizens of Cleveland and others to

continue their purchases of stock, even though it would give them a less return than investments in other securities might afford.

We understand there is about million dollars of the present offering of stock, the proceeds to be derived from the sale thereof which are needed to liquidate its indebtedness and make improvements required from time to time by the city, still unsold.

This is a matter of vital importance to the city of Cleveland. We think that all of the stockholders of The Cleveland Railway Company are entitled to know where they stand, and we ask the city of Cleveland, through its mayor and council, and The Cleveland Railway Company, through its proper officers, to give us their views and assurances upon this subject.

Mr. F. H. Goff, president of The Cleveland Trust Company, took an active part in the negotiations at the time of the settlement made by Mayor Johnson and Judge Tayler, and is familiar with the thought and intention of all those participating in the settlement. I therefore submitted this letter to Mr. Goff before sending it to you, and I herewith attach a copy of his reply.

Yours very respectfully,

J. R. NUTT,
President.

EXHIBIT No. 11.

Cleveland, O., April 15th, 1918.

Mr. J. R. Nutt,
President, The Citizens Savings & Trust Co.,
Cleveland, Ohio.

Dear Mr. Nutt:

I heartily concur in the suggestion contained in your letter to Mayor Davis and the city council that prompt consideration be given the suggestion of increasing the maximum rate of fare under the Tayler grant.

A world wide war was not conceived of at the time the ordinance was passed. Increased cost of operation, entirely due to war conditions, which is threatening the ruin of many public utility companies and will inevitably compel some of them to seek refuge in the courts unless an increase in rates is speedily granted, has already impaired the ability of The Cleveland Railway Company to obtain through the sale of stock funds required for additions and extensions.

The principle underlying the Tayler grant requires service of a character the public, through their representatives

in the city council, demand at actual cost plus a return of six per cent. on capital invested. The grant will fail whenever there is a failure to protect either the traveling public or the company's stockholders. Service at cost is all the public is entitled to, and six per cent on capital actually invested is all the stockholders are entitled to.

The public in a sense are partners in the enterprise. They are interested in the price paid for fuel, labor and material, and in just the same way are interested in the price paid for money which depends upon the supply and character of security offered. To a very great extent, the security given investors in the stock of the Cleveland railway is dependent upon the maximum rate of fare the company is permitted to charge. To enable the company to finance its requirements by the sale of stock on favorable terms, the franchise must permit of sufficient earnings to insure the payment of a six per cent dividend at all times. That investors are beginning to regard this as doubtful, with the maximum rate of fare now prescribed, is indicated by the reduced price the stock has commanded in the past few weeks.

I believe those still living who participated in the settlement made by Mayor Johnson and Judge Tayler will concur in the opinion I have expressed and am confident that Mayor Johnson, if living, would join in urging that the matter be given prompt and careful consideration.

Yours very truly,

F. H. GOFF.

EXHIBIT No. 12.

THE GUARDIAN SAVINGS AND TRUST CO.

Cleveland, Ohio, April 23, 1918.

Mr. John J. Stanley, President,
Cleveland Railway Company,
Leader-News Building,
Cleveland, Ohio.

My Dear Mr. Stanley:

As you doubtless know, we have, from time to time in the past, invested the Trust Funds of this company in the stock of The Cleveland Railway Company, and have, on numerous other occasions, recommended it as a desirable investment for trust funds, believing that the Tayler Franchise fully protected the investor.

In making the investments and recommending the stock as we did, we could not, of course, foresee the unusual conditions prevailing at the present time in connection with

the operation of a street railway such as the Cleveland railway.

In order to protect the investment of these funds, we urge you to use every possible endeavor and influence with the city of Cleveland to allow the company to raise its fare above the maximum amount provided for by the franchise to an amount which will permit the company to pay all legitimate expenses and 6% dividend upon its stock, it doubtless being the intention of the franchise, at the time it was granted, to guarantee to the investor in the stock of The Cleveland Railway Company a return of 6% upon his money.

As a further evidence of the statement contained in the latter part of the foregoing paragraph we have only to refer you to the record of stockholders to see how widely held the stock is, much of it being in small amounts, indicating that the wage earner and the man of small means had the same viewpoint as above expressed in connection with the investment of his earnings in the stock of The Cleveland Railway Company.

Very truly yours,

J. A. HOUSE,
President.

EXHIBIT No. 13.

(From the Cleveland Plain Dealer of June 5, 1918)

"Probate Judge Hadden, who for eight years has been advising guardians and trustees to invest trust funds in Cleveland Railway Company stock, expressed dismay yesterday when told that Mayor Davis had suggested to council that dividends to stockholders of the street car company be cut from six to four per cent. Judge Hadden declared he had approved the investment of trust funds in street car company stock, because of the city guarantee that six per cent dividends would be paid regularly, and the stock was 'tax free.' He would make no estimate of the number of wards, widows and orphans whose funds had been invested in the stock with his approval."

EXHIBIT No. 14.

THE BOSTON ELEVATED RAILWAY COMPANY.

Boston, Mass., April 8, 1918.

Mr. H. J. Davies, Treasurer,
The Cleveland Railway Company,
Cleveland, Ohio.

Dear Mr. Davies:

Replying to your inquiry of the 4th relative to our stock issues, beg to say that for the first \$10,000,000 worth of stock the company received par. As a matter of fact, however, the subscribers of this stock paid \$104.25 for it, and the \$4.25 went to the owners of the franchise of the Boston Elevated Railway Company, to cover expenditures which they had made.

For the next \$3,300,000 the Company received \$155 per share, this being the price put upon it by the Railroad Commissioners of the state, as the laws which were then in effect provided that they should set a price at which any new capital might be issued.

The next \$6,650,000 was put out at the price of \$110 per share, the law in the meantime having been changed and permitting the stockholders to name the price at which new shares should be issued, with the proviso that the price must be approved by the state commissioners. All of this stock but 1,501 shares was taken by subscription, and these 1,501 shares were sold at public auction, to conform to the then existing laws, and these shares brought an average of \$130.625.

The next issue authorized was one of \$4,000,000, and this was under the same conditions as the preceding issue, and was sold at \$105 per share. All of this stock with the exception of 706 shares was subscribed for, and these 706 shares have not as yet been disposed of, as, while the law provides that any unsubscribed stock shall be sold at public auction, the laws of this state, as perhaps you know, do not permit any company incorporated in this state to dispose of any stock at less than par, and we could not get par for it. Our stock is selling today at \$59, and a few months ago was as low as \$27.

The capital now outstanding is \$23,879,400, and the premium which has been realized on it amounts to \$2,707,428.13.

You no doubt are aware that there is now being strongly agitated here a change in the law to provide for street railways in the state a so-called "Service at Cost" scheme. This bill, however, is still in committee and probably will be

reported out some time this week. There is, in addition to the general law applying to all street railways, a special provision which will apply to us that provides for a Board of Trustees to control the property,—this Board to be appointed probably by the Governor and none of them to be stockholders. If this goes through, this Company will apparently be operated under different conditions than have ever existed so far as I know with any public service corporation.

With kindest regards, I remain,

Yours very truly,

H. L. WILSON, Treasurer.

EXHIBIT No. 15.

June 4, 1918.

Honorable Council of the City of Cleveland,
City Hall, City.

Gentlemen:

Any award of the United States War Labor Board allowing a substantial increase in the wages of the employees of the Cleveland Railway Company will necessitate immediate consideration of the rate of fare. Since the war, the Cleveland Railway Company has been experiencing abnormal operating conditions. The number of car riders has steadily decreased, while the cost of all labor and material required by the company has steadily increased. Similar conditions prevail in practically all other street railway lines throughout the country. A large portion of the Cleveland Railway Company's increased expense is due to the higher wages paid to its men, which will have to be further advanced, in all probability, by the findings of the government board.

If higher wages are to be paid the men, the company will undoubtedly ask for a change in the rate of fare in order to meet its added financial burdens. This request, if made, and the facts connected with it should have the careful consideration of every citizen in Cleveland. It means, if granted, that the Tayler franchise will have to be modified so as to permit, at least temporarily, a rate of fare in excess of the maximum stated in the ordinance.

When the Tayler franchise was written, neither the city or the company could foresee a condition so abnormal as to require a higher rate of fare than the maximum in order to sustain a 6% dividend on the company's stock. For this reason there was no provision made in it to cover conditions as they now exist.

The company has enjoyed unusual financial success since the Tayler grant went into effect. Its stock has almost invariably sold above par, while that of other street railway systems has sold far below, and notwithstanding the fluctuation of various other industrial stocks, the dividends of the company have always been paid. There has been an entire absence of serious friction between the company and its employes and the public, and generally the present agreement has resulted in mutual advantage.

In my judgment, the present situation calls for mutual concessions. The city has done all in its power to furnish unimpaired dividends for the company. It is therefore my recommendation that before proceeding with any definite negotiations with the company looking toward a change in the rate of fare, the Cleveland Railway Company should be requested to furnish your body with a formal statement as to its attitude with reference to the following propositions:

(1) By way of assuming a portion of the increased cost of operation, will the stockholders of the Cleveland Railway Company agree to a reduction of stock dividends to 4% per annum during the continuation of the war, or until a return to normal cost of operation?

(2) Will the company co-operate with the city in securing federal action to differentiate opening and closing hours of employment so as to more evenly distribute the traffic during the day and eliminate congestion during the so-called "rush hours?" This more even distribution of traffic, if carried out, would not only save to the car riders of Cleveland a very large sum of money per year in expense of operation, but would also eliminate the present difficulties between the company and its men as to working hours and conditions.

(3) Will the company agree to restrict its extensions and improvements, both capital expense and renewals, except when absolutely necessary, in conformity with the policy adopted by the United States government in the operation of steam railroads; in other words, will the company agree to put forth every effort in order to make its present equipment suffice during the period of the war?

(4) Will the company agree to postpone, during the period of the war, the charging off of the present suspense accounts? These accounts which by previous action of the council, are now payable to the company at the rate of about \$110,000 a month, represent accumulated over-expenditures in operating and maintenance funds and payment for retirement of obsolete material for a period of eight years. This postponement, if agreed to, would result in effecting an immediate reduction in the company's expenditures of approximately \$810,000.

The above in my opinion are the four major methods

of economy which if put into effect by the company might reasonably be expected to obviate any present raise in the rate of fare.

The Tayler grant was written and adopted in the spirit of justice and co-operation and should be interpreted and followed in the same way. I do not believe it is quite fair in these times that the public should be called upon to bear the entire burden of the company's increased cost of operation. Both the city and the company have this present opportunity to manifest the proper spirit and it is with this thought in mind that I make this request of the council that it present the above suggestions to the company for its careful consideration.

Very truly yours,

HARRY L. DAVIS,
Mayor.

EXHIBIT No. 16

THE CLEVELAND RAILWAY COMPANY.

June 10, 1918.

Council of the City of Cleveland,
Cleveland, Ohio.

Gentlemen:

Mayor Davis has addressed a letter to you under date of June 4th on the subject of the award to be made by the United States War Labor Board on the demand of our trainmen for an increase in wages. I write this in order that you may have before you at the same time that you consider his letter my answer to his questions and suggestions.

We have argued to the war labor board against a substantial increase in the wages of our employes on two principal grounds, first, that the increase demanded is a larger percentage or ratio of increase than the increase claimed by the men in the cost of living, on which increase they based their demand, and secondly, that we shall be unable to furnish to this community the service we are now furnishing at the present rate of fare if any substantial increase in wages is awarded.

The mayor states that "a substantial increase in the wages of the employes of the Cleveland Railway Company will necessitate immediate consideration of the rate of fare." It is true that such an award will necessitate either an increase in the rate of fare or a very substantial decrease in service. You have entire control of the service. But if any resolution or ordinance of yours regulating service renders it impossible for the company to earn money enough at the maximum rate of fare to pay the taxes and interest

provided for by Sections 16 and 18 of the franchise, the company may object to rendering the service, and if the city insists upon the service, may require that the question be submitted to arbitration; "and if the board of arbitration decide that such service will not produce the moneys needed as aforesaid then the resolution or ordinance shall not be further complied with by the company and the company shall have the right to recoup any losses sustained." Of course, neither you nor I can tell until the war labor board makes its decision what increase in rate of fare or what decrease in service will be necessary in order to enable us to pay the predicted increase in wages. I had not expected, by asking your consent to raise the rate of fare, to anticipate your right to try to save the present rate of fare by cutting the service. It may be that you will reduce the service to such an extent as to enable us to pay an increase in wages. A substantial increase in wages will necessitate a correspondingly substantial decrease in service. This is a matter that you may well consider in advance of any application by us for an amendment of the franchise in respect to fares.

It is true, as the mayor states, that since the war the company has experienced abnormal operating conditions and that the cost to it of labor and materials has steadily increased—conditions that, as he says, neither the city nor the company could foresee when the Tayler franchise was written. He admits that no provision was made in the franchise to meet these abnormal conditions. There are two ways of meeting them. They may be met by increasing the fare. They may be met by curtailing the service. If you do not care to meet them by exercising your reserved and unquestioned right to modify the service, we shall be glad to discuss with you the question of increasing the rate of fare as soon as we know what the increase in wages is to be.

The mayor says that the number of car riders has steadily increased since the beginning of the war, intending, I presume, to have you infer that this increase has helped us to operate our railroad at the rates of fare that have been in effect since the war started and that the increase will continue and perhaps make unnecessary any substantial change in fare or service. But the number of car riders is now decreasing. There was a decrease in April; there will be a larger decrease in May.

Because the company's stock has "almost invariably" sold above par in small lots he says that the company has enjoyed unusual financial success since the Tayler grant went into effect. He says also that the company has always paid interest upon its stock "notwithstanding the fluctuations of various other industrial stocks." I do not know why fluctuations in the market value of industrial stocks should affect the market value of the stock of the Cleveland

Railway Company. The railway company has no war contracts, as many industrial corporations have, that should make its stock fluctuate in value. It was one of the purposes of the framers of the franchise to prevent fluctuations in the value of the company's securities and speculation in them. It was said that the price would probably never go below par because it would probably always be possible to obtain money for additions to our property at a rate of interest not in excess of six per cent., and that it would not go very far above par because of the city's option to purchase it at one hundred and ten. It was clearly seen then by all concerned that the stock ought to be so protected in the franchise that its value would never be less than par; that, unless the provisions of the franchise should be such as to make it possible for the company to obtain money at six per cent. or a lower rate, needed extensions could not be built and additional rolling stock could not be purchased to supply the transportation needs of the city. It will be a great mistake on the part of the city to make it impossible or even difficult for the company to raise money for additions and betterments.

The mayor speaks of the harmony that has existed between the company and its employees and between the company and the public. I agree with him that this harmony or absence of friction has resulted in mutual advantages.

I now come to his questions and his recommendation that the company furnish you with a formal statement as to its attitude with reference to them.

1. He first asks whether, by way of assuming a portion of the increased cost of operation that he assumes is to come from the award of the war labor board, the stockholders of the company will agree to a reduction of the interest on their stock to four per cent. per annum. I have no right to reduce the rate of interest. Neither has the board of directors of the company. No more right than you have to reduce the rate of interest on the city's bonds in order to meet operating deficits. At the time the capitalization of the company was fixed for the purposes of this franchise the representatives of the company argued that six per cent. on investment was as low a rate of return as should be paid to the stockholders. Mayor Johnson and Mr. Goff, as well as Judge Tayler, capitalized the property of the Cleveland Electric Railway Company at its depreciated value, which, as disclosed by the Tayler franchise, was seventy per cent. of its cost or reproduction value. So that as to that property the stockholders are now receiving, not six per cent on their investment, but six per cent on seventy per cent of the investment, or a small fraction more than four per cent. It is true that the valuation of the property of the Forest City Railway Company was par of that company's outstanding

stock. But this property was a small part of the entire street railway property of the city and its valuation at par would not materially raise the seventy per cent. valuation of the Cleveland Electric property. Further, the stockholders of the Cleveland Electric Railway Company at the time of the settlement with the city surrendered forty-five per cent. of their capital stock. Six per cent on the fifty-five per cent. that they were permitted to retain in the settlement is but three and three-tenths per cent. of the par value of the stock that they held before the compromise. The return that the stockholders receive on their actual investment is so low that I cannot ask them to surrender any part. It was the purpose of the Tayler franchise, several times declared in it, to secure to the investors in the property of the company a fair return, but no more, upon their investment. It was agreed that six per cent. was a sufficiently low return. Section 18 of the franchise says "that all the payments provided to be made by Section 16," namely, taxes and interest, "shall be first paid out of the interest fund *without any deduction whatever.*" This was a promise on the part of the city to the investors in the company's property and stock. On that promise we have been able to raise all the money that we have needed to meet the city's demands for extensions and improvements. On the strength of that promise and the other assurances of the franchise we have, since the end of March, received subscriptions for more than \$1,700,000 of our capital stock at par—enough to pay for all the new cars, motors, extensions of track and other additions to property that you may demand or permit in 1918 and probably in 1919. Good faith requires that we pay six per cent. upon this new capital. From the time the Tayler ordinance went into effect to April 1st of this year we sold capital stock at par or better to the amount of \$13,000,000. Part of the proceeds of the sale of this stock was used to reduce our bonded debt from \$10,000,000 to \$5,495,000. The remainder has been expended for "extensions, betterments and permanent improvements," to use the language of the franchise. More than \$8,000,000 of it was spent for improvements made at the council's suggestion and on its initiative. On this stock the company is equally obligated to pay the promised rate of interest. And the city, having itself proposed most of the expenditures, will surely not attempt to evade the obligation it assumed in the Tayler franchise, to permit—indeed, to require—the payment of six per cent. interest upon money invested at its direct request.

The franchise provides for a *fair return, and no more*, upon investment. If six per cent. ever comes to be more than a fair return—by reason of low market rates of interest generally, or for any other reason—the city may take steps

to bring about a reduction, by the method prescribed in Section 33, viz., by ordering the property transferred to a licensee willing to accept a lower return than the company is then willing to accept. Of course, this right will be exercised only when the market rate of interest is considerably lower than six per cent. The city has the right, too, to purchase the property at any time. A good time to buy will be when funds for the purpose can be obtained by the city at low rates of interest. So, if six per cent. ever comes to be less than a fair return, it will not be unreasonable for us to ask that the promise of a fair return be kept, in order that the value of the stock may be maintained at par, and that any additional money that may be needed may be obtained.

Mayor Johnson and others representing the city in the negotiations of 1907, 1908 and 1909 urged, in the interest of the city and the car riders, that the stock ought to be widely distributed among the citizens of Cleveland. The stock of the Cleveland Electric Railway Company at that time was owned by about eight hundred people; our stockholders now are nearly five thousand in number. Many of them are dependent—to some extent, at least—for their living expenses upon the six per cent. interest they receive on the stock. Many have borrowed money on their stock to pay for it or to pay expenses. A lowering of the interest rate would lessen the value of the stock as collateral, and bring great hardship to small holders if their creditors should sell the stock to enforce the payment of the debts secured by its pledge. It is as important that the value of the stock be maintained at par or better as that the interest be promptly paid. Thousands early invested in the stock because of the assurance of the representatives of the city that the investment would be safe and the six per cent. return on the stock certain. Since that time others have invested, and old stockholders have increased their holdings, upon their faith in these assurances of the safety of their investment, and six per cent. interest upon it.

Savings banks have invested in the stock, and have also put into it funds held by them in trust for others. This was stated to you and the mayor by Mr. J. R. Nutt, president of The Citizens Savings and Trust Company, in a letter under date of April 14th. I quote a paragraph from that letter:

"The savings banks and trust companies have been investing trust funds in the stock, and have been advising their clients to invest in the stock, for two reasons: First, because they considered the investment a conservative and sure investment to advise their clients to make; second, because they realized that Cleveland is a growing city and must need enlarged railway facilities constantly, and that the money for

such extensions and additions as the city's necessities shall require should largely come from the permanent investor, all speculation in the stock having, by the ordinance, been eliminated."

The Cleveland Trust Company has made similar investments and given similar advice to clients. Mr. Nutt's letter enclosed a communication from Mr. F. H. Goff, the president of The Cleveland Trust Company and one of the makers of our franchise, on this subject of investment and fair return.

Other savings and trust companies have also invested in the stock, for themselves and for clients. They are all very anxious that we ask you to amend Section 22 of our franchise so as to permit us to charge a higher rate of fare, if necessary, than the maximum rate there fixed—not that the rate that may be in effect at any time in the future shall exceed the cost of operating the road, but that they and their clients may be sure at all times that their stock will be worth par in the market, that the six per cent. return upon it will be certain, and that the company may be enabled to raise money to pay for any additional track, rolling stock or other property that you may order.

I quote a paragraph from a letter sent me by Mr. J. A. House, president of The Guardian Savings & Trust Company, under date of April 23rd:

"As you doubtless know, we have, from time to time in the past, invested the trust funds of this company in the stock of the Cleveland Railway Company, and have, on numerous other occasions, recommended it as a desirable investment for trust funds, believing that the Tayler franchise fully protected the investor."

The following is from the Plain Dealer of June 5th:

"Executives of banks and trust companies in Cleveland also have been advising patrons seeking safe investments to put their money in stock of the street car company. News of the mayor's letter was received with concern in financial circles. Warren S. Hayden, chairman of the board of directors of the Union-Commerce National Bank, declared if the mayor's suggestion is carried out, the action would amount to repudiation of an agreement by the city to pay six per cent dividend. He pointed out the city had pledged its assets as security its part of the contract would be fulfilled. 'Not only is there a moral obligation resting on the city to perform its part of the agreement made to protect investors in stock of the railway company, but the welfare of carriers is at stake,' said Mr. Hayden. Unless the dividends are paid, the stock will drop, and capital cannot be obtained to meet the needs of the public."

The probate judge has approved and advised the investment of trust funds in the stock of the company, as stated by him in an interview in the same paper:

"Probate Judge Hadden, who for eight years has been advising guardians and trustees to invest trust funds in Cleveland Railway Company stock, expressed dismay yesterday when told that Mayor Davis had suggested to council that dividends to stockholders of the street car company be cut from six to four per cent. Judge Hadden declared he had approved the investment of trust funds in street car company stock, because of the city guarantee that six per cent. dividends would be paid regularly, and the stock was 'tax free.' He would make no estimate of the number of wards, widows and orphans whose funds had been invested in the stock with his approval."

And the following editorial, from the Plain Dealer of June 6th, is appropriate here:

"DIVIDEND MUST STAND.

"A foundation stone of the Tayler traction ordinance is the assurance possessed by every stockholder of the company that he will receive six per cent. upon his investment. It would be nothing less than a breach of faith were the city to attempt the abrogation of this agreement. Mayor Davis can scarcely have thought the matter through when he made this part of his suggestion. The city evidently faces the necessity of readjusting certain features of its contract with the street railway company. Unparalleled costs put upon the company burdens that could not be foreseen, and the council owes it to the community to see that the rights of the car riders are protected. The Tayler plan of operation is, of course, to be preserved, for its soundness and fairness have been demonstrated by nearly a decade of experience. To reduce the guaranteed dividend rate now would strike at the heart of the compact made after a ten-year battle between the public and the company. It would advertise the city as a community which breaks its pledges—a bad kind of advertising, any citizen will agree. The question of a higher maximum rate of fare has not yet come to issue. When the company asks that a higher rate be permitted, precipitating the whole discussion, city and company must put all their cards on the table, concealing nothing, attempting merely to reach an agreement fair alike to the public and to the company. Approached in this spirit, the question presents no serious difficulties. It is a mere matter of concession and adjustment."

2. The mayor asks whether the company will "co-operate with the city in securing federal action to differentiate opening and closing hours of employment so as to more evenly distribute the traffic during the day and eliminate congestion during the so-called 'rush hour.'" Yes. The idea of urging varying hours of opening and closing factories, stores and other places of business is not new; it has been advocated by

the company for many years. But the possibility of giving effect to the plan has been much greater under the Tayler franchise than it ever was before, because the people realizing the saving in cost of transportation that would result from the carrying out of the plan and appreciating that this saving would help toward the maintenance of a rate of fare lower than the fare charged in other cities, are more willing than they were before the Tayler settlement, and more willing than the people of other cities now are, to aid in bringing about such suggested changes in working hours. Now that the federal government is urging economies in all directions the opportunity to establish varying hours for opening and closing in Cleveland is still greater. The company will do all that it can to reduce in that way the cost of transportation and will welcome your active and earnest co-operation. The idea was more fully presented in my report to the stockholders for the fiscal year 1916.

3. The mayor's third question is: "Will the company agree to restrict its extensions and improvements, both capital expense and renewals, except when absolutely necessary, in conformity with the policy adopted by the United States government in the operation of steam railroads?" It will. I announced the company's policy in this respect in my annual report to the stockholders last January, in these words: "In line with the general policy of the nation, expenditures for track extensions and other new property will probably be held down as closely as possible in the current year. The principal betterments of 1918—the only ones of which we are now certain—will be the tracks on the new Superior-Detroit viaduct, and the twenty-five cars before mentioned. The estimated cost of the tracks, depots and overhead line on the viaduct is \$250,000; the cars will cost about \$200,000."

And in our application to the capital issues committee of the general government in March for approval of our proposed issue of additional stock, after referring to the provisions of our franchise in regard to the security of the investment, limitation of interest, the flexible schedule of fares and the method of making extensions or other additions to the property, we said: "The interests of the people of Cleveland and of street railway investors being thus safeguarded, there is little danger or likelihood of the issue of additional securities for any unnecessary purpose. It certainly is not the intention of the company to spend any of the money that it will obtain from the sale of the proposed issue of stock for the construction of tracks or the acquisition of any property not actually needed for public purposes. But the company is under contract obligation to the people of Cleveland to add to its trackage and its rolling stock when additions are needed for the public good. Stock not taken by the stockholders under the

proposed offer to them will be sold only when money is needed by the company for investment in improvements authorized by the city and the state. It will probably be several years before all of the \$2,700,000.00 of stock is sold."

It will be seen that we had made this promise to restrict expenditures for extensions and improvements twice in writing before the mayor asked his question. I now repeat the promise. Indeed, I am entirely willing to agree to propose no extension or improvement while the war lasts, and to make only such additions to property as may be suggested by you.

4. I cannot agree to postpone the charging off of the suspense accounts. There should have been no such accounts. Their establishment was a compromise between the company and the city, made at the city's request or suggestion. They represent the unearned cost of service rendered and the unprovided-for value of property worn out or made obsolete in past years. They should have been provided for from the earnings of those years, or should be provided for from current earnings. The people who received the service and wore out the property should pay; the obligation should not be shifted to the car riders of the distant future.

That some of these suspense accounts, as the mayor says, "represent accumulated over-expenditures in operating and maintenance funds * * * for a period of eight years" is not our fault, nor yours to any great extent, but the fault of former councils; or perhaps, rather, it was due to the inability of the company to make the representatives of the city understand the situation and the necessity for reserves for maintenance and renewals as well as for operating expenses.

Let me recall the history of some of the efforts that we made to obtain allowances that would have obviated the necessity of establishing such suspense accounts—such postponements of the settlement of obligations.

On June 20, 1910, we asked the council for an increase in the allowance for operating expenses. The council refused to grant the request. On January 23, 1911, we repeated the request, and it was again refused. We asked again on February 17, 1912, and were again refused. A year later, on February 12, 1913, we reported to the council an over-expenditure for maintenance of \$292,315, and an over-expenditure of the operating allowance of \$203,542, and asked an increase in both the maintenance and operating expense allowances. The council declined to consent to any increase in either, and it was not until after an expensive arbitration in May and June, 1913, that our demand, made in June, 1910, a little more than three months after the Tayler ordinance went into effect, was granted. The increases thus awarded were, in our judgment, insufficient. On May 8, 1915, we asked for an increase of half a cent per car-mile in the operating

expense allowance, and it was granted. On March 20, 1916, we asked that the maintenance allowance be increased to eight cents per car-mile. The request was refused. On May 5, 1916, we asked that the operating expense allowance be increased to thirteen and one-half cents per car-mile, and our request was granted. On February 5, 1917, we asked that the operating expense allowance be increased to fifteen cents per car-mile. The council consented to an increase to fourteen and one-half cents. On April 30, 1917, we asked for an increase to sixteen and sixteen hundredths cents per car-mile, but the request was refused. On January 25, 1918, we asked you for an increase in the maintenance allowance to at least eight cents per car-mile, and in the operating-expense allowance to sixteen cents per car-mile. On February 18th you consented to an increase of one cent per car-mile in the maintenance allowance, and on February 25th to an increase in the operating expense allowance to sixteen cents per car-mile.

It is true that at various times the council authorized the company to write off the reproduction value of obsolete property abandoned and retired from service at fixed or varying amounts per month, thus in effect increasing the maintenance and renewal allowance by these amounts. But the allowances should have been made sooner.

If our requests for larger allowances in the early years of operation under the Tayler franchise had been granted, an earlier increase in rate of fare would have resulted, but the company would not now be in the position of having its credit questioned and of having to meet a request by the mayor for a reduction in the rate of return on investment or a further postponement of the payment of obligations incurred in carrying the passengers who rode in 1910 and other early years. The maintenance and operating expenses of those years would have been paid from the earnings of those years, and the car riders of these years of war and high prices would not be called upon now to bear so heavy a burden as has been put upon them by council agreements deferring the wiping out of deficits and depreciation.

The present special allowances, so-called, are not as large as they ought to be. Several years will be required to extinguish past deficits. Other deficits are threatening, and will surely come unless the cost of operation per car-mile and per passenger is reduced or the maintenance and operating expense allowances increased; and an increase in the allowances will, I think, so reduce the balance in the interest fund as to make another increase in the rate of fare necessary. As I have stated before, however, it is impossible now to tell what this increase, if it becomes necessary by reason of the coming award of the labor board, should be.

The company is entirely willing to do all it can to keep

down expenses, and to postpone the making of improvements that will increase investment and so increase the amount of interest to be paid, and to consider any suggestions that you may make in these respects. While we have not yet asked for an increase in the rate of fare beyond the rate now in effect, we agree with the mayor that any substantial increase in trainmen's wages "will necessitate immediate consideration of the rate of fare." I believe that we shall be able to show you to your entire satisfaction what increase will be necessary. If you desire to discuss the matter before we make formal application for a higher rate, I shall, as already stated, be glad to meet you for that purpose. I am sure that the people of Cleveland still think, as they thought when they approved the Tayler franchise, that the rate of fare should be as high as the cost of operation, including a return upon investment sufficient to make it possible for the company to finance its needs for such extensions and other betterments as the council may order or approve.

The schedule of fares in Section 22 of the franchise is said to be elastic. It is elastic only between a fixed minimum and a fixed maximum. The rate now is the maximum rate, and the balance in the interest fund is far below \$300,000. The mayor well says, "When the Tayler franchise was written, neither the city nor the company could foresee a condition so abnormal as to require a higher rate of fare than the maximum in order to sustain a six per cent. dividend on the company's stock. For this reason there was no provision made in it to cover conditions as they now exist." Judge Tayler, in a public address in February, 1910, said that he had never said that he was in favor of any particular rate of fare, and that neither three-cent fare nor any other rate of fare had anything to do with his plan, which was to give to the community service at the cost of the service, and he asked, "Who knows what the service or the cost of service in the city of Cleveland will be ten, fifteen or twenty years from now? Three cents may be as extravagant a rate of fare then as ten cents would be now. Five cents may be as low a rate of fare then as two cents would be now. It all depends upon the cost of then furnishing that thing which the people demand. * * * If it should be true, as we discover in speculations in the newspapers, that a new method of supplying electric current has been devised, whereby the cost is reduced sixty per cent., the cost of moving cars will be reduced. If it should be discovered that cars carrying twice as many passengers could as easily be carried over these tracks, that it would not require two men to operate a car—that an infinity of other things which we now see present in the practical conduct of a street railroad are not necessary—then who can say what the cost of transportation will then be? And who is it that can put a limit to the accomplishment of human

ingenuity? Who can say that we now see the limit of cost of the thing that is thus furnished? And, on the other hand, who can say what is the limit by way of added expense to the furnishing of the thing that we must have? In this city, every day in the year, approximately five hundred thousand people, on an average, are carried on our street cars; or that will be the average, at all events, for the next five or six years; and they must be carried in some form and by some conveyance or other. And no man can say how much it is going to cost."

If, instead of war and high prices in the past four years, there had been peace and low prices, and if it had been possible because of low prices and efficiency in operation to reduce the rate of fare to the minimum provided for in Section 22 of the franchise, and if by operating at that rate of fare the company had accumulated an interest fund in excess of \$700,000, I am sure that the stockholders would not have objected to a further decrease in the rate of fare to a rate below the minimum fixed in the franchise, because the fundamental principle of the franchise, as Judge Tayler more than once stated, is service at cost. And so, if high wages increase the cost of service to an amount higher than the maximum rate of fare fixed in the franchise, no objection should be made by the city to an increase in the rate to the cost of service.

Judge Tayler said further in the address from which I have quoted: "A maximum rate of fare, *although not in principle necessary in this ordinance*, is fixed at seven tickets for twenty-five cents, with a cent charge for a transfer. Philosophically, no franchise can be sold, with propriety either to the seller or the buyer, which fixes an arbitrary or inflexible rate of fare; and that is the vice of nearly all of the street railway ordinances, I suppose, in the communities of this country. There is no more soundness of business conduct in giving a franchise which declares that the rate of fare, in Ohio, for instance, where the extreme life of a franchise is twenty-five years, is three cents or four cents or five cents, than there would be if the blast-furnace proprietors of the Mahoning valley should today buy their ore supply for the next twenty-five years at a given price; they either pay too much or too little, because it is beyond the possibility of human wisdom to say what, for that great period of time, will be the fair price of that commodity which nature furnishes us."

The Tayler grant was written and adopted in the spirit of justice and co-operation, and should be interpreted and followed in the same way. Both the city and the company have this present opportunity to manifest the proper spirit. Judge Tayler himself said of the franchise, "The street railway settlement is bottomed upon one thing upon which no street railroad problem or situation has ever before rested, and that is, so far as human endeavor can make it, justice to the commun-

ity and justice to the people who furnish the money where-with the community gets its local transportation."

Respectfully,

JOHN J. STANLEY,

President.

EXHIBIT No. 17.

THE CLEVELAND CHAMBER OF COMMERCE.

Cleveland, June 6, 1918.

The Honorable City Council of the City of Cleveland.

Gentlemen:

I have the honor of transmitting to you the following resolution adopted on behalf of The Cleveland Chamber of Commerce by its board of directors today:

Whereas, The ordinance granting the Cleveland Railway Company the franchise under which it operates in the city of Cleveland commits the city and the railway company to the principle of furnishing the public with transportation at cost, with six per cent. (6%) return on the invested capital, together with such sums for maintenance and betterment to the property as will insure good service in its operation; and

Whereas, War conditions not anticipated when the franchise was granted have so increased the cost of operation, largely by reason of the advance in cost of labor and material, as to make it doubtful whether the maximum rate of fare provided for in the franchise and now in force will provide sufficient funds to maintain the property in condition to furnish the kind of service contemplated in the franchise and to pay six per cent. (6%), dividends upon the invested capital;

Now, therefore, be it resolved, that it is the opinion of The Cleveland Chamber of Commerce that the ordinance granting the franchise to The Cleveland Railway Company should be amended by the addition of a new scale of fares, increasing the maximum rate of fare, provided such increase becomes necessary, and under the same terms and conditions as are now incorporated in the present franchise, to the end that The Cleveland Railway Company may continue to furnish street railway transportation in the city of Cleveland at cost and pay six per cent (6%) dividends to its stockholders, and maintain a high standard of service.

Very truly yours,

MYRON T. HERRICK,

President.

EXHIBIT No. 18a.

Employment.	Cents per hour.		Per cent.
	1910.	1918.	Increase.
Street railway men.....	.24	.35	41.
Brick-layers . . . . .	.60	.90	50.
Iron-workers . . . . .	.60	.90	50.
Lathers . . . . .	.56¼	.85	51.1
Plumbers . . . . .	.56½	.81¼	43.8
Steam-fitters . . . . .	.56¼	.81¼	44.4
Carpenters . . . . .	.45	.80	77.8
Hoisting engineers . . . . .	.45	.85-.90	88.9-100.
Building laborers . . . . .	.25-.35	.55	57.1-120.
Pipe-fitters . . . . .	.45	.70	55.5
Painters . . . . .	.42½	.67½	58.8
Stone-cutters . . . . .	.56¼	.77½	37.8
Average	48.29	77.50	60.49

EXHIBIT No. 18b.

UNITED STATES RAILROAD ADMINISTRATION.

W. G. McAdoo, Director General.

GENERAL ORDER No. 27.

WAGES OF RAILROAD EMPLOYEES.

Washington, May 25, 1918.

RATES OF WAGES OF RAILROAD EMPLOYEES.

General Order No. 27 of Director General McAdoo, of the United States Railroad Administration, establishing increases in wages of railroad employes, issued May 25th, 1918, applies to the employes of the following railroads operating in the Cleveland District:

Baltimore & Ohio Railroad Company, Bessemer & Lake Erie Railroad Company, Cleveland, Cincinnati, Chicago & St. Louis Ry. Company, Erie Railroad Company, Lake Erie & Western R. R. Company, New York Central Railroad Company, New York, Chicago & St. Louis R. R. Company, Pennsylvania R. R. Company, Pittsburgh & Lake Erie R. R. Company, Wheeling & Lake Erie Railway Company.

Section C of the order, page 13, shows rates of pay in cents per hour at the old and new rates. "Old rates are those of December 1915." We quote only such part of that section as is comparable with the scale paid our trainmen:

Old rate per hour.	New rate per hour.
29 cents	41 cents
32 cents	45¼ cents.

EXHIBIT No. 19a.

Wages of Trainmen in the Year from May 1, 1917, to May 1, 1918.

The wages of conductors and motormen were 32 cents per hour during the first year of service and 35 cents per hour thereafter. The average amount paid was substantially 34 cents per hour.

The following table shows the amount of wages paid in each of the twelve months and the amount per car-mile:

1917.	Wages.	Per Car-Mile.
May	\$ 225,623.10	7.2473c
June	223,906.75	7.2602c
July	228,336.25	7.2143c
August	228,243.92	7.2471c
September	212,326.20	7.2017c
October	220,228.95	7.2495c
November	215,043.25	7.2949c
December	225,131.00	7.3292c
1918.		
January	215,239.75	7.3432c
February	198,594.20	7.3835c
March	217,394.05	7.2721c
April	210,417.00	7.2727c
	<hr/>	<hr/>
	\$2,620,484.42	7.2749c

EXHIBIT No. 19b.

WHAT AN INCREASE IN WAGES MEANS.

The following table shows what increases of from 1 cent to 26 cents per hour would mean:

c per hour.	Wages.	Cents per car-mile.
1	\$ 77,000	.2139
2	154,000	.4277
3	231,000	.6416
4	308,000	.8555
5	385,000	1.0694
6	462,000	1.2833
7	539,000	1.4972
8	616,000	1.7111
9	693,000	1.9250
10	770,000	2.1388
11	847,000	2.3527

12	924,000	2.5666
13	1,001,000	2.7805
14	1,078,000	2.9944
15	1,155,000	3.2083
16	1,232,000	3.4251
17	1,309,000	3.6389
18	1,386,000	3.8528
19	1,463,000	4.0667
20	1,540,000	4.2806
21	1,617,000	4.4945
22	1,694,000	4.7084
23	1,771,000	4.9223
24	1,848,000	5.1362
25	1,925,000	5.3501
26	2,002,000	5.5639

EXHIBIT No. 19c.

Trainmen's Wages Per Car-Mile at Various Rates Per Hour.

The present operating-expense allowance is 16 cents per car-mile. Of this amount the trainmen get 7.2749 cents, the average in the twelve months ended April 30, 1918, as shown in Exhibit No. 19a. More than 45% of the operating-expense allowance goes to the conductors and motormen. What their wages would amount to per car-mile at the advances shown in Exhibit No. 19b is shown below:

Wage per hour.	Wage per car-mile.
34 cents	7.2749 cents
35 cents	7.4888 cents
36 cents	7.7026 cents
37 cents	7.9165 cents
38 cents	8.1304 cents
39 cents	8.3443 cents
40 cents	8.5582 cents
41 cents	8.7721 cents
42 cents	8.9860 cents
43 cents	9.1999 cents
44 cents	9.4137 cents
45 cents	9.6276 cents
46 cents	9.8415 cents
47 cents	10.0554 cents
48 cents	10.2693 cents
49 cents	10.4832 cents
50 cents	10.7000 cents
51 cents	10.9138 cents
52 cents	11.1277 cents

53 cents	11.3416 cents
54 cents	11.5555 cents
55 cents	11.7694 cents
56 cents	11.9833 cents
57 cents	12.1972 cents
58 cents	12.4111 cents
59 cents	12.6250 cents
60 cents	12.8388 cents

Sixty cents per hour would be an increase of 71% over the rate in the agreement made May 1, 1917.

The operating-expense allowance is 16 cents per car-mile; trainmen's wages at 60 cents per hour would be 80% of this.

EXHIBIT No. 20.

BRADSTREET'S WEEKLY FOOD INDEX.

Based on prices per pound of thirty-one articles used for food.

Week ended:	1918.	1917.	Increase.	% Increase.
January 5.....	\$4.48	\$3.31	\$1.17	35.34
12.....	4.50	3.32	1.18	35.54
19.....	4.55	3.30	1.25	37.88
26.....	4.55	3.33	1.22	36.64
February 2.....	4.53	3.37	1.16	34.42
9.....	4.52	3.44	1.08	31.40
16.....	4.50	3.50	1.00	28.57
23.....	4.55	3.51	1.04	29.63
March 2.....	4.42	3.46	.96	27.75
9.....	4.41	3.50	.91	26.00
16.....	4.40	3.52	.88	25.00
23.....	4.32	3.55	.77	21.69
30.....	4.32	3.67	.65	17.71
April 6.....	4.36	3.72	.64	17.20
13.....	4.39	3.83	.56	14.62
20.....	4.41	3.94	.47	11.93
27.....	4.39	3.91	.48	12.28
May 4.....	4.41	3.98	.43	10.80
11.....	4.42	4.03	.39	9.68
18.....	4.33	4.04	.29	7.18
25.....	4.28	4.00	.28	7.00
June 1.....	4.24	4.00	.24	6.00
8.....	4.27	4.00	.27	6.75
15.....	4.29	3.95	.34	8.61
Average	\$4.40	\$3.67	\$0.73	19.89

EXHIBITS.

No.	Title or Subject.	Page	Referred to
1	Present arrangement of runs on typical line	23	13
2	Demand arrangement of runs on typi- cal line	24	13
3	Present and proposed typical run-guides	25	13
4	Tayler franchise	29	4
5	Estimate of earnings, expenses, etc.	70	15
6	Earnings per car-mile by lines in April. .	71	4
7	Do. in first four months of year.	72	4
8	Address of Judge Robt. W. Tayler.	73	6
9	Plan of merger of Express Companies. .	79	7
10	Letter of J. R. Nutt to Mayor and Council	80	18
11	Letter of F. H. Goff to J. R. Nutt.	82	18
12	Letter of J. A. House to Company.	83	18
13	Interview with Judge Alex. Hadden. . .	84	18
14	Letter of H. L. Wilson to H. J. Davies. .	85	19
15	Letter of Mayor to Council.	86	20
16	Letter of John J. Stanley to Council. . .	88	20
17	Resolution of Cleveland Chamber of Commerce	100	20
18a	Wages in other employments.	101	20
18b	Steam-railroad wages under General Order No. 27.	101	21
19a	Trainmen's wages in 12 months begin- ning May 1, 1917.	102	12
19b	Increases of from 1 to 26 cents per hour.	102	12
19c	Wages per car-mile now and plus in- creases	103	12
20	Bradstreet's Index of Food Prices.	104	21



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